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U.S. Court Allows Discount Imports

By Robert C. Siner
International Herald Tribune

WASHINGTON — The U.S. Supreme Court refused Tuesday to limit unauthorized imports of brand-name foreign goods into the United States, in effect giving approval to a major part of a multi-billion-dollar business that allows U.S. consumers to buy the usually costly imports at steep discounts.

By a 9-to-0 vote, the high court upheld Custom Service regulations that permit so-called "gray market" imports into the United States without permission from owners of the trademarks of those goods.

The gray market is estimated to range from \$5 billion to \$10 billion a year, and generally involves luxury items ranging from expensive German automobiles to Swiss watches, Japanese cameras and French wines.

The market operates when an importer buys an expensive brand-name product abroad, ships it to the United States, sells it for at least 20 percent less than the official distributor and can still make a profit.

In a separate ruling, the high court voted, 5 to 4, to strike down other parts of the regulation that would have expanded the availability of gray market goods. It invalidated one part of the Customs Service regulations allowing such imports whenever the U.S. trademark owner has authorized the use of its trademark abroad by an independent manufacturer.

The case turned on the question of whether foreign companies could legally exercise control over the distribution of their products in the United States by incorporating a subsidiary there.

A Customs Service regulation that foreign companies could not exercise this kind of control was overturned last year by the U.S. District Court of Appeals in Washington. The appeals court cited the Federal Tariff Act of 1930, which prohibits the unauthorized imports of "any merchandise of foreign manufacture if such merchandise bears 'a trademark owned by a citizen of, or by a corporation or

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N.Y. Stock Prices Soar, Pushing Dow Up 74.68

Compiled by Our Staff From Dispatches

NEW YORK — Stock prices in New York surged Tuesday, largely because investors were relieved that the U.S. central bank had not raised a key interest rate.

The Dow Jones industrial average of 30 major stocks leaped 74.68 points to 2,031.12, its sixth-biggest gain on record. The 3.8 percent gain boosted the index above 2,000 for the first time since May 16.

Nearly four stocks advanced for every one that declined, with volume at a heavy 247.61 million shares. The market was closed on Monday for Memorial Day.

Many traders have feared in recent weeks that the Federal Reserve Board would raise interest rates to dampen inflationary pressures arising from overly rapid expansion in the economy. Although the Fed has tightened credit, it has not raised its discount rate, charged on loans to banking institutions, from 6 percent.

"There were wide expectations Friday that the Federal Reserve would raise its discount rate. The fact that they didn't is one reason or the stock rise," said Jack Baker, head of equity block trading at Shearson Lehman Hutton Inc.

The U.S. central bank often has chosen to alter the key rate on a Friday, sometimes before a holiday weekend.

Some of the buying on Tuesday, traders said, came from traders who had sold stocks last week in

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WALK IN RED SQUARE — President Reagan being introduced Tuesday to a young Soviet citizen by Mikhail S. Gorbachev.

Gorbachev Says 'Fist Banging' May Help Talks

By Philip Taubman
New York Times Service

MOSCOW — On the third day of President Ronald Reagan's visit to the Soviet capital, Mikhail S. Gorbachev expressed exasperation Tuesday with the absence of progress in removing obstacles to a treaty reducing strategic nuclear weapons.

"Maybe now is again a time to bang our fists on the table," he told Mr. Reagan at a morning meeting in his sparsely furnished office in the Council of Ministers Building in the Kremlin, referring to their joint effort at Geneva in 1985 to clear away problems on a medium-range arms treaty.

But Mr. Reagan and Mr. Gorbachev found common ground on the need for change in the Soviet Union.

Mr. Reagan, turning away from the emphasis on human rights issues that marked his first two days in Moscow, called on the Soviet people to support and extend Mr. Gorbachev's program of economic and social change.

U.S. officials said the limited substantive gains of the fourth meeting between Mr. Reagan and Mr. Gorbachev would be outlined in a joint statement on Wednesday.

They said that the two sides would register gains in the joint statement on how to monitor mobile missiles and on ways to distinguish between air-launched cruise missiles armed with nuclear warheads and those outfitted with conventional warheads.

But there were no reports of major breakthroughs and little expectation that a treaty reducing strategic weapons could be completed before Mr. Reagan's term ends in January.

The day was filled with the striking juxtapositions of an American president traveling across a Soviet landscape. Mr. Reagan standing behind the seal of the presidency and below a white bust of Lenin as he addressed university students, striding past the ancient churches of the Kremlin as dozens of photographers pleaded with him to wave, bantering after dinner at Spaso House, the U.S. ambassador's residence, with Dave Brubeck, the jazz pianist, as Mr. Gorbachev and members of the Politburo looked on with broad grins.

Mr. Reagan seemed to swing from moments of weariness, when he dozed briefly during a speech by a Russian intellectual, to bursts of energy, when he was engaged in a lively question-and-answer session at Moscow University.

Martin Fitzwater, his spokesman, said Mr. Reagan, who is 77, was in good health but had had a difficult night's sleep and added: "We're all a bit tired."

In a series of public appearances, including an unplanned morning stroll in Red Square with Mr. Gorbachev, a luncheon with intellectuals and the afternoon address to students at Moscow University, Mr. Reagan seemed to impress

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In China, Ideology's Role Disintegrates

By Edward A. Gargan
New York Times Service

BEIJING — Two months ago at a car engine plant in Henan province, the factory's Communist Party secretary canceled the director's party credentials "for taking bribes, arrogance and not acting according to principle." Enraged, the plant director dismissed the party secretary from the factory payroll "for resisting reforms."

The spat, just one example of growing tensions between China's technocratic managers and ideologically committed party secretaries, reminds Yan Jiaqi of the theological disputes that raged long ago in the West.

"It resembles the struggles between secular kings and Catholic popes," said Mr. Yan, director of the Institute of Political Science at the Chinese Academy of Social Science. "The king ordered the people not to follow the pope and the pope excommunicated the king."

Clashes like this, Mr. Yan and other political thinkers say, hint at the breakdown of ideology as a central component in Chinese life

as China moves with greater speed away from any conventional or historical model of socialism and toward a system driven by capitalist impulses.

The role and purpose of ideology — that structure of political ideals and injunctions that dictate behavior — has come under increasing strain and into question.

The demise of ideology, of the consuming role of political dogma in directing decision-making, has rapidly become an accepted feature of Chinese life.

At Beijing University, the country's most prestigious institution of higher education, a towering statue of Mao was hauled down in the middle of the night. Many in the faculty saw the removal as a real and a symbolic gesture of both freedom and intellectual expression and the waning of political cultism.

The removal of Mao's statue has been followed by an extensive criticism of his role, with the party's Central Committee declaring that the policies he pursued during the last 20 years of his life were a calamity for the country.

Not every segment of Chinese political life is enthralled with the declining role and prestige of ideology. A mixture of self-interest and claims to political purity inspire many party officials, blocking the implementation of national policies and rekindling past political passions.

In Hunan, the province where Mao was born and one of the provinces that has most stubbornly resisted the new economic policies, the ideologically charged politics of the past remain an enduring force.

Last month in the Hunan town of Zhuzhou, a party secretary ordered the director of a foam factory dismissed after workers criticized his management style in wall posters, a form of attack often used during the decade of tumult of the Cultural Revolution.

Alarmed at this resurgence of discredited political activity, the provincial authorities denounced the wall posters and the party secretary in a province radio commentary.

The spread of free markets, discussions of stock and bond mar-

kets, the growth of privately owned industries and the demands of intellectuals for free expression strike many party members as evidence of encroaching capitalism. Socialism, or what many party members thought socialism was, appears to be disintegrating.

So troubling is this apparent crisis of ideological confidence that a series of high-level conferences on theory are to be held next fall to defend the ideological basis of party and government policy.

It is possible to journey through much of China and talk to a wide range of people, from officials to average citizens, and never hear the words "Marxism" or "socialism." Signs on factory walls that once were emblazoned with the wisdom of Mao, now declare bluntly, "Time is money."

This is disturbing to many party leaders and theoreticians, who feel that without ideological guidelines the Communist Party ceases to have any real function and China itself will ultimately drift into what they see as the abyss of chaos and capitalism.

"Socialist countries pay attention to ideology," Zhou Chengen, a senior researcher at the Party His-

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George Shultz signing an agreement on missile tests.

On Page 3

Ronald Reagan told Soviet students that some American Indians make fortunes in oil.

Nancy Reagan, after Leningrad, relaxed a little with reporters.

The U.S. warned Moscow it would continue to aid Afghan resistance forces.

Reagan's Guest Called A Nazi Collaborator

By David Remnick
Washington Post Service

MOSCOW — The official Soviet press and Soviet officials tried Tuesday to discredit President Ronald Reagan's meeting with dissidents on Monday, asserting that a former Nazi collaborator and war criminal was among the guests.

An article in the official government newspaper Izvestia said that Nikolai Roshko, one of about 100 guests at the U.S. ambassador's residence, worked as an agent for the Germans in World War II and was imprisoned in the Soviet Union for alleged war crimes.

A Soviet writer and commentator, Genrikh Borovik, made the accusation on the evening news Monday and the Foreign Ministry spokesman, Gennadi I. Gerasimov, said in a briefing that Mr. Roshko had been sentenced to 25 years in prison "for torturing and murdering Soviet citizens."

A U.S. official said that the denunciations of Mr. Roshko and several other guests at the reception were "an obvious attempt to cast a shadow over an event that had a lot of appeal in this country."

Mr. Roshko is not well known to the dissident community in Mos-

cow because he lives in the city of Grodno, in Byelorussia.

The American official said that Mr. Roshko was born in the United States in 1925 to a family committed to the Bolshevik Revolution. The family moved to the Soviet Union in the 1930s.

The official said that the embassy has known about Mr. Roshko since 1946. Mr. Roshko, the official said, has a brother, John, living in El Cajon, California, and he has been asking to return to the United States for 20 years.

The U.S. official did not categorically deny the Soviet allegations against Mr. Roshko, but said that the United States, said, the Soviet Union have actively traded information about Nazi war criminals and had never mentioned Mr. Roshko, even though the United States had brought his case to Soviet officials for an exit visa.

During the question period following his speech Tuesday at Moscow State University, Mr. Reagan was asked why he had met with a "fascist." The president said he knew nothing about the case.

The White House spokesman, Martin Fitzwater, also said he did

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Strike Shuts Down Soviet City in Ethnic Dispute

The Associated Press

MOSCOW — A general strike Tuesday shut down the city of Stepanakert, which has been at the center of a territorial and ethnic dispute between Armenians and Azerbaijanis in the southern Soviet Union, sources said.

A Moscow dissident, Sergei I. Grigoryants, said the strike has been under way for a week in Stepanakert, in the disputed Nagorno-Karabakh Autonomous Region.

The strike closed factories and mass transit in the city, and thousands of Armenians stayed away from work, a resident said in a telephone interview. The resident declined to give his name.

On Tuesday, Tass, the official

Soviet press agency, said that two officials in the region had been dismissed from the Communist Party for organizational and political mistakes that led to violence between Armenians and Azerbaijanis.

Word of the strike in Stepanakert came after a new demonstration was held Monday in Yerevan, the capital of Armenia, said Mr. Grigoryants, editor of the unauthorized journal Glasnost.

In the Yerevan protest, 300,000 Armenians took to the streets to demand that Nagorno-Karabakh, in the neighboring republic of Azerbaijan, be put under Armenian jurisdiction, Mr. Grigoryants said.

The majority of Nagorno-Karabakh's residents are Armenian.

Mr. Grigoryants, a half-Russian, half-Armenian journalist, said the protest in Yerevan occurred outside the Opera Theater on a square where huge demonstrations took place earlier this year.

Armenians began agitating in February for the right to annex Nagorno-Karabakh. At the end of that month, ethnic rioting broke out in the Azerbaijani city of Sumgait in which 32 people — six Azerbaijanis and 26 Armenians — were killed.

Communist authorities rejected the demand to change jurisdiction over Nagorno-Karabakh. Instead,

they chose a program of social and economic development. The ruling Politburo also replaced its party leaders in both republics this month.

New party shake-ups were announced. Tass said the former first secretary of the Nagorno-Karabakh regional party committee, Boris Kevorchyan, was dismissed from the party because of his "serious political mistakes."

Tass said the plenum also dismissed from the party D.M. Muslim-Zade, the former first secretary of the Sumgait city committee, for "serious shortcomings in organizational and political work that

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Reagan Tries New Role: The Intellectual

Washington Post Service

MOSCOW — President Ronald Reagan, who ordinarily is not known as a man of letters, fiddled with the role of intellectual on Tuesday in his meetings with poets, filmmakers, novelists and students.

Between lunch and dinner, Mr. Reagan managed to refer to, or quote, Sergei Eisenstein, Vasily Kandinsky, Fyodor Dostoyevsky, Igor Stravinsky, Anna Akhmatova, Alexander Solzhenitsyn, Boris Pasternak, Nikolai Gogol, Leo Tolstoy, an Uzbeki poet named Alisher Navoi, and Bruce Cassidy and the Sandance Kid.

When the meetings were shown on the evening news, Mr. Solzhenitsyn's name was not mentioned. But that is still the norm in the Soviet Union. What was more interesting was the way Mr. Reagan's speech was directed at Mikhail S. Gorbachev's most natural constituency, the intellectuals. Mr. Reagan,

the former actor, appealed to the artists personally, as a kind of colleague.

"In looking back, I believe that acting did help prepare me for the work I do now," Mr. Reagan said in a speech at the writers' club in Moscow.

"To grasp and hold a vision, to fix it in your senses, that is the very essence, I believe, of successful leadership, not only on the movie set, where I learned about it, but everywhere. And by the way, in my many dealings with him since he became general secretary, I've found that Mr. Gorbachev has the ability to grasp and hold a vision, and I respect him for that."

At times, the speech was one of the clearer expressions Mr. Reagan has made in office about the way he sees the presidency — as a vision, the sort that both actors and politicians hold.

Mr. Reagan also made his human rights agenda a part of his appearance, calling for some conservative cultural officials present have long battled.

Without pressing the point harshly, Mr. Reagan said he hoped that the expanded cultural freedoms in the Soviet Union would soon mean permission for exiled artists such as the ballet dancer Mikhail Baryshnikov and the cellist Mstislav Rostropovich to perform in Moscow, and for Mr. Solzhenitsyn's work to be published in the Soviet Union.

"We hope to see a permanent end to restrictions on the creativity of all artists and writers," the president said.

Mr. Reagan nodded off briefly during one of the speeches at the writers' club. But, according to a novelist who was present, Mr. Reagan's seconds-long snooze could be "easily excused." For the most

part, the writer said, the discourses by the Soviet speakers were "a bore."

A lighthearted moment came when Elm Klimov, head of the filmmaker's union and one of the most visible pre-form artists in the country, joked about astrology, a theme that has surfaced almost as many times in Moscow as it did in Washington recently.

"Maybe we could unite American and Soviet astrologists and see if the next year will be good for us," Mr. Klimov said.

With the exception of writers such as Andrei Bitov and Daniel Granin, many in the crowd tended toward the crusty, the official, the semi-literate.

Among the guests were Yuri Bondarev, a novelist and conservative force in the writers' union, and Genrikh Borovik, a journalist who

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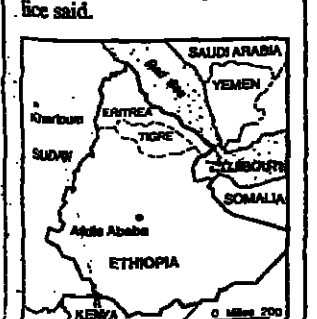
Kiosk

Sikh Bombs

Kill 26 in India

CHANDIGARH, India (Reuters) — Sikh separatists set off powerful bombs at a Hindu temple in Amritsar and in a crowded market in the north Indian state of Punjab, killing at least 26 persons and injuring nearly 100, the police said Tuesday.

Police in the Punjab capital of Chandigarh said a bomb exploded at the temple on Monday night, killing 21 persons and injuring 69. In Gurdaspur, near the Pakistani border, a bomb in a crowded market killed five persons and injured 28 on Tuesday, the police said.



Americans are to send food to Ethiopia across the Sudan border. Page 6.

General News

Attorney General Edwin Meese 3d says that he may resign before the election in November. Page 5.

Israel's use of tear gas on Palestinians is one of the most troubling issues arising from six months of unrest. Page 2.

Business/Finance

Finland's biggest commercial bank and a Swedish investment firm announced a partial merger. Page 13.

Japan's senior trade official urged the 302 biggest Japanese importers to buy more foreign goods. Page 13.

Dow Close	The Dollar in New York
Up 74.68	DM 1.7325
	Pound 1.8355
	Yen 125.20
	FF 5.88

McEnroe-Lendl: Suspended After 2 Sets

John McEnroe banging a return at top-seeded Ivan Lendl of Czechoslovakia during their rain-interrupted quarterfinal match Tuesday in the French Open at Roland Garros Stadium in Paris. The score stood at a set apiece, with Lendl leading, 4-2, in the third set, when play finally was suspended as light faded in the evening. Both the first set, which was won by McEnroe, and the second, taken by Lendl, were decided by tiebreakers.

Use of Tear Gas on Palestinians Raises Troubling Questions

ankel
Strip — It was a populated refugee camp. A Palestinian stone-thrower through the window, gas were rubber bullets and gas and slingshots, bottles the other. And, as always, there

For two days, Ikram Said, a 27-year-old woman who was four months pregnant, said she could smell fumes wafting into her courtyard from outside. Even with the windows closed, she said, her eyes stung, she coughed constantly and had trouble breathing. Then, on Sunday, she noticed blood when she went to the toilet and became frightened.

She had a friend drive her to the camp's United Nations health clinic and was advised to go to Shifa Hospital in nearby Gaza City. By the time she got there, she had stomach cramps and uterine contractions. Soon after, she miscarried.

Ms. Said's story represents another question mark in one of the most troubling, elusive and sensitive issues to arise during the 24-week Arab uprising — the effects on the Palestinian population of the Israeli Army's frequent use of tear gas as a nonlethal riot-control weapon.

Palestinian doctors and officials working for the UN Relief and Works Agency for Palestine Refugees in the

Near East, which operates the refugee camps, contend that there have been more than 1,200 injuries, dozens of miscarriages and at least 11 deaths from tear gas since the uprising began in early December. The Arab Anti-Discrimination Committee in Washington has put deaths at 41 and used that figure in a successful lobbying campaign that last month led the U.S. manufacturer of the gas to suspend sales to Israel.

While they acknowledge that they lack hard data and autopsy results to verify many of their claims, these sources contend that the weight of circumstantial evidence clearly indicates that tear gas is at least a significant contributing factor in deaths and miscarriages among a refugee camp population that even in the best of times is in a precarious state of health.

"There is until now no solid scientific proof, but certainly the accumulated evidence is strongly incriminating," said Dr. Samir Badri, the chief health officer for the UN relief agency in the Gaza Strip. "When you see a woman with no previous history of miscarriages or bleeding and after exposure to tear gas she bleeds and aborts, you can say safely it is the gas."

Israeli officials contend that the Palestinian claims are based on false or unsubstantiated information and are designed to fuel a propaganda crusade that portrays Israel as waging chemical warfare against a hapless civilian population.

"We have not seen any cases where it could be proven, by a coroner that anybody has been killed due to exposure to tear gas," said Brigadier General Yehuda Danon, the

Israeli Army's surgeon general, in a telephone interview. He added that the army had "no scientific evidence" that there have been more miscarriages following the use of tear gas.

Medical experts say the issue is further complicated by the fact that accurate statistics and unbiased accounts are largely unobtainable in the chaos of civil unrest and military crackdown.

Nonetheless, interviews with Palestinian, Israeli and American doctors who have first-hand experience with accounts during recent months all indicate that, within the cross fire of charges and countercharges, there are some provable facts about tear-gas use during the uprising.

There is no credible evidence to support Palestinian claims that the Israelis are using gas or toxic chemicals other than the standard chlorobenzylidene malononitrile, known as "CS," which is manufactured by Federal Laboratories Inc. of Saltzberg, Pennsylvania.

When properly used outdoors, the gas has limited medical effects, which generally wear off in 15 to 30 minutes. There is, however, much evidence indicating that on numerous occasions soldiers and police have violated the manufacturer's printed warnings by firing the gas into enclosed areas such as rooms or small courtyards.

Most experts agree that such misuse can be harmful, especially to small children, pregnant women, the elderly and people suffering from heart or lung problems.

Health conditions in the squalid, overcrowded refugee camps of Gaza have deteriorated dramatically in recent

months because of disrupted medical services and child-feeding programs. Palestinian violence and Israeli military restrictions both are responsible for the disruptions. As a result, the population is more vulnerable to many kinds of health hazards, of which exposure to tear gas is one.

Upon close examination, some of the UN and Palestinian claims appear groundless. At a press conference in Vienna after a visit to Gaza in April, John Hiddlestone, the health director for the UN relief agency, recounted an incident in which two young Palestinians were beaten by soldiers and confined in a room where a reddish aerosol spray was applied.

"The room was then shut and after an hour or so two dead bodies were removed," said Mr. Hiddlestone, adding that "very toxic nerve gas" apparently was used.

Mr. Hiddlestone was talking about the death of Basel Yazuri, 18, who was killed Jan. 8 in the Rafah refugee camp, according to UN officials. But a Jerusalem Post reporter, Bradley Burston, who visited Mr. Yazuri's house shortly after the incident, said that in addition to the red powder on the walls and furniture of the room, which apparently came from an army smoke grenade, there also were multiple bullet holes, indicating that the room had been sprayed with an automatic rifle.

According to the UN relief agency's report on the incident, Mr. Yazuri died from bullet wounds. The army contends that Mr. Yazuri was shot to death while attacking a soldier with a knife. Arab witnesses say he was badly beaten before being shot. The question of whether Mr. Yazuri's death was justifiable homicide remains open. But

no one except Mr. Hiddlestone has suggested that he was gassed.

In camps such as Jabalya, tear gas has become part of everyday life as well as a main element in the mythological Palestinian resistance. Children turn the spent metal canisters into toys or wear them proudly as necklaces. Dozens of canisters are hung defiantly from utility lines throughout the camp. Almost every house, it seems, has a collection of one or more of the thin tin projectiles in grenade-style rubber containers.

Even now, at a time when the number of violent incidents and fatalities is dropping, Christine Debbas, the UN relief agency's information officer in Gaza, says she gets daily reports of injuries, including those attributed to tear gas, from Jabalya and other camps. On May 2, for example, the agency's Jabalya clinic reported treating 11 persons for gas, including Ms. Said. The next day it reported listed six tear-gas victims, two of whom had miscarried.

Although, doctors at Shifa Hospital, which serves most of the northern half of the Gaza Strip, say that they treat 378 miscarriage cases from December 1987 to February 1988, the first three months of the uprising, compared 335 during the same period a year earlier, Mr. Badri, UN health director, says the tried to compile statistics for similar comparison at the Rafah refugee camp, but the numbers showed no significant increase.

He blamed military curfews, which confined thousands of people to their homes for weeks, for keeping patients away from clinics and hospitals as rendering any potential statistical study meaningless.

Retired Israeli Officers Press for Compromise And End to Occupation

By Joel Brinkley
New York Times Service
JERUSALEM — A group of several dozen retired senior Israeli military officers are advocating an end to Israel's occupation of the West Bank and the Gaza Strip. The occupation is being enforced by the Israeli Army.

The officers, who have formed an organization called the Council for Peace and Security, reached a consensus on the occupation question this week.

The development comes as a new leaflet put out by the underground leadership of the Palestinian uprising listed a series of demands that, if fulfilled, could bring the uprising, which began in December, to an end. The leaflet marked the first such offer by the leadership.

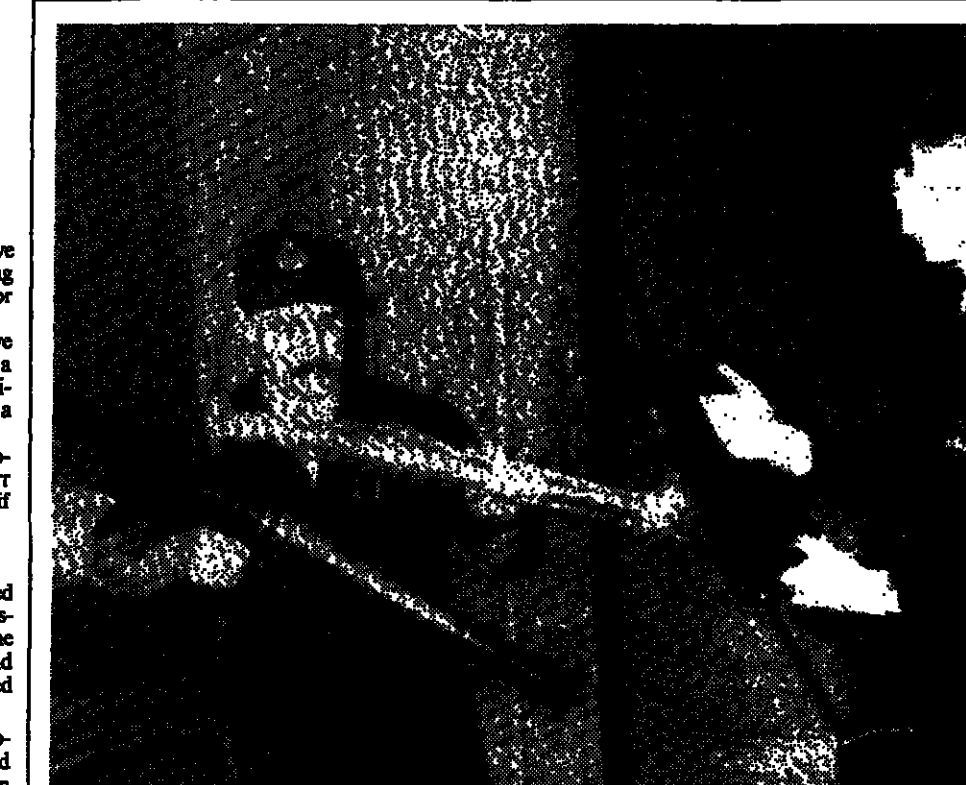
The council of officers is trying to press the notion that Israelis "have to compromise for real security," said Major General Ori Orr, who was a senior army general until his retirement.

"We don't all agree on the solution," General Orr said on Monday. "But I think we all agree that the occupation should end because maintaining it does more damage to our security than ending it."

The council has met several times since late March, when it was formed. At a closed meeting on Sunday, however, the generals and others staked out their position on the occupation, General Orr and other participants said.

A senior military officer on active duty said the council was "just political."

"What they're saying is the Labor Party position," the officer said. General Orr, a member of the Labor Party, acknowledged that



Australian customs officers displaying a grenade launcher and an assault rifle on Tuesday.

Fiji-Bound Arms Seized in Sydney

SYDNEY — Australian customs officers said Tuesday that they had seized a huge cache of weapons bound for Fiji that could have started a small war in the South Pacific nation, which was shaken by two coups last year.

The cache, including submachine guns, automatic rifles, hand grenades, mortars and anti-tank mines, arrived on a ship from North Yemen via Sri Lanka and Singapore, said a customs spokesman, Alastair Wilson.

He said the shipment, discovered Monday, was bound for Lautoka, in eastern Fiji, a stronghold of the deposed prime minister, Timoci Bavadra. He was not available for comment.

An Australian Foreign Ministry official said all the weapons were Soviet-made.

News reports said it was the biggest illegal haul of military equipment in Australian history. Mr. Wilson said consignment papers listed the contents of the container as used machinery.

Mr. Wilson said that an army demolition squad was brought in to remove the weapons and that officials were doing an inventory.

The Foreign Ministry official said the authorities in Fiji had been informed of the seizure. Australian officials said they did not know whom the weapons were meant for.

In Suva, the Fijian capital, the authorities expressed surprise at the seizure.

There has been no armed resistance by the majority Indian community to the coups, which Colonel Sitiveni Rabuka said he staged to protect the rights of ethnic Fijians, who make up 43 percent of the island's population of 715,000.

CHINA: Ideology's Role, as a Central Component of Life, Disintegrates

(Continued from Page 1)

This year, on the 140th anniversary of the publication of Marx's Communist Manifesto, Chinese writers were reduced to explaining the errors of Marx's vision. "It was wrong for Marx and Engels to predict that capitalism was declining and socialism was arising, because this did not conform to the facts," said an article in *Guangming Daily*, a paper intended for China's intellectuals.

In fact, the author said, the conflict between workers and capitalists, which Marx maintained would lead to socialist revolution, has largely dissipated in capitalist countries where workers "only work about 31 hours a week, with four to six weeks of paid annual leave." In China, workers generally get no vacations and work six days a week.

Besides Marx, the party, in a

Delegates Ask Yugoslav Party Reform

BELGRADE — Delegates at a national Communist Party meeting demanded Tuesday that the party be reformed, and they urged the replacement of the leaders who have led the country into its worst postwar economic and social crisis.

"The party needs a general overhaul, and that process has to start with the president of the Central Committee," said Boro Avramovic, a delegate from the Republic of Serbia, during the last day of the three-day crisis conference.

Other delegates blamed their leaders for failing to implement changes to ease the crisis.

"It is unlikely that those people who have led us into this crisis will be able to bring us out of it," said Rade Miletic, another Serbian delegate.

Yugoslavia has been wrestling with worker unrest, a \$21 billion foreign debt and unsuccessful attempts to lower an inflation rate of 152 percent and a 15-percent unemployment rate.

On Saturday, the government announced austerity measures, including a 19.43-percent devaluation of the dinar, the national currency, and the lifting of price controls.

Luka Miletic, a delegate from Zagreb, said the Yugoslav people "increasingly insist" that the entire Communist leadership be replaced for failing to implement the necessary reforms.

Several delegates called Tuesday for a special party congress before the end of the year, at which the leadership would be replaced.

"We don't need a special congress," said Zvonimir Hrabar, head of the state-run trade unions. "What we need is action."

COURT: Gray Market Held Legal

(Continued from Page 1)

association created or organized within the United States."

The Supreme Court reinstated most of the Customs Service regulations by striking down the appeals court ruling that the law does not protect American subsidiaries, affiliates or parent companies of foreign manufacturers. The high court held that only American companies that buy trademarks from independent foreign manufacturers are protected by the 1930 statute.

Justice Anthony M. Kennedy, writing for the high court, held that the federal law "is sufficiently ambiguous" to allow the Customs Service regulations to remain in place.

Justice William J. Brennan Jr., in a separate opinion, said that "the dispute in this litigation centers almost exclusively around" that aspect of Customs Service rules.

The ruling is expected to have little effect on gray market sales since it makes little change in the current law. Experts say that the gray market is affected mainly by exchange rates, though there has been little sign that the steep decline of the dollar has affected it so far.

The suit against the Customs Service regulations was brought by an association of 60 major companies that own trademarks. The association's members claimed that they were being severely hurt by gray market companies that take advantage of advertising and other promotional activities by authorized dealers and then sell the same product for steeply discounted prices.

Malaysia Suspends High Judge

By Michael Richardson
International Herald Tribune
SINGAPORE — The most senior judge in Malaysia was formally suspended from duty Tuesday after writing a letter to Malaysia's king complaining of attacks on the judiciary by the prime minister.

Lawyers and opposition politicians said the government was undermining the judiciary's independence.

A statement from the prime minister's department in Kuala Lumpur said that Mohamed Salleh bin Abbas, lord president of the Supreme Court, would have to appear before a special tribunal for issuing a public statement that the government said contained "political im-mendos."

In public statements in the past few days, Judge Salleh said he had been told by the prime minister, Mahathir bin Mohamad, that he was being suspended for writing to Sultan Mahmood Iskandar, the constitutional monarch of Malaysia, and the sultans who rule the country's states expressing concern over attacks on the judiciary by the prime minister.

The prime minister's department said Tuesday that because of the letter, King Iskandar had requested the judge's replacement as head of the Supreme Court.

The case has heightened concern in legal circles that Mr. Mahathir's government is determined to reduce the authority of the courts to review and veto actions of the government and the ruling coalition of political parties.

The Bar Council, a body representing practicing lawyers in Malaysia, said that Mr. Mahathir had been "publicly attacking the judiciary for quite some time and eroding public confidence in it."

In a statement, the council said that suspension of Judge Salleh would further affect public confidence in the administration of justice and the independence of the judiciary.

Lee Lam Thye, the acting opposition leader in Parliament, said the action against the judge was "a deliberate, calculated and orchestrated move by the prime minister to intimidate the judiciary."

Some Malaysian lawyers, who asked not to be identified, said the government and the United Malays National Organization, the dominant party in the governing coalition, had been embarrassed and angered on several occasions in the past year by adverse court rulings on politically sensitive cases. Mr. Mahathir leads the United Malays National Organization.

Appeals of High Court judgments in two of these cases affecting the party are pending before the Supreme Court, the lawyers said.

In one case, a previous version of Mr. Mahathir's party was declared illegal because of malpractices in party elections, forcing him to form a new party. The other case has blocked transfer of assets, totaling tens of millions of dollars, from the old to the new party.

In March, the government used its more than two-thirds majority in Parliament to amend sections of the constitution that gave powers to the judiciary separate from those of the executive and legislative branches.

When the bill is signed into law by the king, the powers and jurisdiction of the courts will be conferred by or under federal law. Mr. Mahathir said the intention was not to usurp the powers of the judiciary, but to ensure that the courts made judgments in accordance with laws passed by Parliament.

Renegade Flight to Russia Reported

OSLO (Reuters) — A pilot flew a light aircraft into Soviet airspace from Norway last weekend to mark the first anniversary of Marshal Rusk's sensational flight to the Kremlin in a small plane, Norwegian and Finnish officials said Tuesday.

The man, Andreas Sommer, 48, is believed to be an Austrian citizen, Finnish spokesman said. He landed his Cessna in northern Finland after his flight and was allowed to leave the country after being questioned by Finnish officials.

The pilot had crossed into the Soviet Union on Saturday and Sunday the second time for up to half an hour, the Norwegian Foreign Ministry spokesman, Lasse Seim, said. He said Mr. Sommer had been flying between Norway and Finland high in the Arctic Circle. "When we found out, we told the Soviets," he said. "But they knew already and lodged protest."

Italian Toxic Cargo Is Home at Last

GENOA (Reuters) — More than 2,000 tons of Italian toxic chemical waste that has circled the globe for 15 months aboard various ships will be destroyed in Italy within two months, a senior Italian official said Tuesday.

Admiral Giuseppe Francese said the foul-smelling waste, currently aboard the Syrian-registered Zanoobia in the port of Genoa, would be destroyed by specialists to be selected by the Civil Protection Ministry. The ministry put the admiral in charge of the operation last week and set aside 4 billion lire (\$2.8 million) to destroy the cargo of 10,800 drums of waste.

Its journey on a variety of ships took in Djibouti, Venezuela, Sardinia, Syria and Greece. Rejected wherever it went, it finally returned to Italy, where the Zanoobia spent more than a month anchored off the coast before being allowed to dock in Genoa on Sunday.

Dutch Police Recover Masterpieces

AMSTERDAM (AP) — The Dutch police used an undercover agent posing as a prospective buyer to recover three artworks on Tuesday, including works by Van Gogh and Cezanne, that were stolen in the Netherlands' biggest art theft.

All the paintings stolen May 20 from Amsterdam's Municipal Museum were recovered undamaged, according to a police spokesman, Klaus Witing. The paintings are Van Gogh's 1888 "Carnations," the 1894 self-portrait, "Bottle With Apples," by Cezanne, and a work by the Dutch painter Johan Jongkind, "The House of Maître Billard in Noyers," done in 1874.

The three works, valued at up to 100 million guilders (\$52 million), were seized when the police raided an Amsterdam hotel and arrested a 36-year-old man who was selling them for 1.5 million Deutsche marks (\$1.4 million), Mr. Witing said. Two other people, thought to be genuine prospective buyers, also were arrested. None of the suspects was identified.

Solidarity Urges Boycott of Elections

WARSAW (UPI) — The ruling council of Solidarity on Tuesday urged Poles to boycott elections next month for various governing councils calling them merely a show "that consists of deciding for the citizens, not by the citizens."

"We shall not participate in the elections," the National Executive Committee of the banned trade union said. "The boycott will be an expression of our protest against depriving of our citizens their rights."

Elections are scheduled June 19 for local, area and regional councils, which handle many government administrative functions below the national level. The candidates were chosen by electoral colleges consisting of representatives of the Communist Party and other parties and organizations in alliance with the Communists.

Hyundai Asks Police Aid in Dispute

SEOUL (UPI) — Management of a Hyundai Group subsidiary sought police intervention Tuesday to get the release of 11 executives held hostage for five days by workers demanding a wage increase.

A spokesman for the Hyundai Business Group said letters were sent to authorities asking for intervention by police to put an end to a standoff at Hyundai Precision Industry Co. in Changwon, 195 miles (310 kilometers) southeast of Seoul. The spokesman said, "We have not yet received a reply and do not know when police will move in."

Nearly 2,000 workers of Hyundai Precision, which produces rolling stock and containers, have held the board chairman, Chung Mong Gu, 51, and 10 other executives of the company hostage since Friday, demanding a pay raise.

Zia Plans Probe of Politicians' Assets

ISLAMABAD, Pakistan (WP) — President Mohammad Zia ul-Haq ordered an investigation of politicians' assets on Tuesday and won the allegiance of a prominent member of the Pakistan Muslim League led by former Prime Minister Mohammad Khan Junejo.

Mr. Zia said all the assets of members of the National Assembly, which he ordered dissolved Sunday, would be probed, along with assets of their family members. Corruption was one of the reasons Mr. Zia cited for Mr. Junejo's dismissal and for dissolving the National Assembly.

Meanwhile, it was announced Tuesday that the Punjab chief minister, Nawaz Sharif, had been named interim leader of Pakistan's largest province under Mr. Zia's new governmental setup. Mr. Sharif's cooperation with Mr. Zia was viewed as a significant blow to the Muslim League's chances of challenging the president's actions.

TRAVEL UPDATE

Alitalia and United Set Partnership
ROME (Reuters) — Alitalia, the Italian national airline, and United Airlines, a U.S. carrier based in Chicago, entered a partnership Tuesday to give United's passengers more access to Europe and make Alitalia a leading competitor in a deregulated world aviation market.

Their agreement, similar to one reached in December by United and British Airways, will make North America more accessible to Italian, while giving United, which does not fly to Europe, access to the southern part of the continent via Alitalia flights.

Measures to be introduced on a step-by-step basis include through check-in facilities from Italy to any of United's 30 U.S. destinations and vice versa, special fares for passengers and shippers using the two carriers and joint marketing campaigns. Alitalia will use United's new terminal at O'Hare Airport in Chicago beginning in March 1989. Alitalia also said it had acquired a 5.9-percent stake in a United partnership that owns a computerized airlines information and reservation system.

More than 1,800 Lufthansa ground workers held walkouts lasting as long as three hours on Tuesday at major West German airports to press contract demands, causing flight cancellations and long delays, officials said.

The overseas operations of Nigeria Airways appeared near collapse Tuesday with the grounding of the airline's last operational Airbus jet. The planes have been grounded by operational or financial problems to London and two flights to New York, an official said in Lagos. (AP)

USAir said in Washington on Tuesday that it has been forced to cancel more than 150 flights since Sunday because many flight attendants have refused to work overtime. The carrier said the cancellations will continue until Wednesday. (UPI)

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THE MOSCOW SUMMIT: Minor pacts are signed, a regular ritual to suggest progress in relations.

A Wide Variety of Pacts Are Signed, Including High School Exchanges

By Michael Gordon
MOSCOW — The United States and the Soviet Union approved almost a score of new agreements Tuesday, including one in principle for a substantial increase in the number of high school exchange students — from the present 50 to as many as 1,500 a year.

Other agreements ranged from an accord expanding cultural exchanges to one on the peaceful uses of space. On arms control, the two sides, as expected, signed two pacts. One requires advance notification of launches of ballistic missiles. The other provides for experiments to improve ways to monitor limits on nuclear testing.



In Leningrad for the day Tuesday, Nancy Reagan and Lidia Gromyko, wife of Andrei A. Gromyko, Soviet president, inspect the Ladies' Gallery in the former summer palace of Czar Peter the Great.

Reagan Applauded as a Civics Prof At the Gorbachevs' Old Alma Mater

By Steven V. Roberts
MOSCOW — President Ronald Reagan gave a lesson in American civics on Tuesday to about 600 students and faculty members at Moscow State University, the alma mater of both Mikhail S. Gorbachev and his wife, Raisa.

When he finished, many of the students expressed the same reaction one hears from many Americans. They liked Mr. Reagan personally, they said, but dissented from many of his ideas.

By inspiring young people, goes their argument, Mr. Reagan can help insure that these changes will survive.

Nancy: Post-Leningrad Chat Phrases of Elegant Ambiguity After Fast-Forward Tour

By Felicity Barringer
New York Times Service
LENINGRAD — Nancy Reagan gently stormed the Winter Palace Tuesday, taking in the art of the Italian Renaissance masters and the gilded life-style of the Russian czars on a tour whose speed was set at fast-forward.

ly indiscreet, offering little in the way of self-revelation. But combined with pause and gesture, the words offered a little look inside the woman.

"Are you saving it for your book?" "Could be." "Should Don Regan read it?" "Absolutely." "And how will you tell it?" "My way." And her eyes glittered.

U.S. Warns on Aid to Kabul

By David B. Ottaway
Washington Post Service
WASHINGTON — The State Department said Tuesday that it has concluded that Soviet military aid to the Afghan government is continuing and that U.S. assistance to the Afghan resistance will therefore also go forward.

Phyllis E. Oakley, the State Department spokeswoman, said a statement made May 14 in Kabul by Lieutenant General Boris Grinov, commander of the estimated 115,000 Soviet troops in Afghanistan, "constitutes a continuation of military aid."

of continuing U.S. aid to the resistance so long as Soviet assistance to the Kabul regime does.

Gorbachev Meets Press Wednesday

MOSCOW — Soviet officials announced Tuesday that Mikhail S. Gorbachev would give a news conference in Moscow on Wednesday, believed the first ever on home ground by a Soviet Communist Party general secretary.

NAZI: A Reagan Guest Is Accused

(Continued from page 1)
not know if the Soviet allegations against Mr. Koshko were true. "That kind of personal background, we're not aware of," he said.

The article in Izvestia also denounced a dissident editor, Lev M. Timofeyev, and a religious dissident, Alexander Ogorodnikov.

Mr. Borovik attacked Sergei I. Grigoryants, editor of the independent journal Glasnost, as a "speculator."

ARMENIA: City Shut Down

(Continued from page 1)
brought about the tragic developments in Sumgait."
In another development, Mr. Grigoryants said the police in Yerevan had detained two friends of Paruty Ayrkyan, an Armenian nationalist arrested in March.

Mr. Reagan has addressed many student audiences. He joked on Tuesday that there was a time during his governorship of California in the early seventies when he "could start a riot just by going to a campus."

Mr. Reagan's unexpected digression into Indian affairs began with a verbal hiccup when he said: "We have provided millions of acres of land — what are called reservations, er, I should say, reservations."

After describing how the U.S. government had set up a Bureau of Indian Affairs and provided education and welfare services for native Americans, Mr. Reagan said: "Maybe we've made a mistake. 'Maybe we should not have humored their wanting to stay in that kind of primitive life-style. Maybe we should have said: 'No, come join us, be citizens along with the rest of us.'"

REAGAN: Appeal to Artists

(Continued from Page 1)
said Monday on an evening news program that Mr. Reagan's meeting with dissidents had been "propagandistic."

On Tuesday, the speakers, including the head of the writers' union, Viktor B. Karpov, and the editor of the magazine Novy Mir, Sergei P. Zalygin, talked more about world affairs than the power of art.

Roy Medvedev, a dissident historian who attended the meeting, said: "The Soviet cultural figures talk like politicians and Reagan talked like a person of culture."

Reagan Says Some Indians Made Fortunes From Oil

MOSCOW — President Ronald Reagan told Soviet students on Tuesday that American Indians on reservations lead a primitive way of life but some make fortunes from huge oil wells on their land.

Mr. Reagan's unexpected digression into Indian affairs began with a verbal hiccup when he said: "We have provided millions of acres of land — what are called reservations, er, I should say, reservations."

SUMMIT: 'Fist Banging'

(Continued from Page 1)
Russians with his direct style and frequent allusions to Russian literature.
Quoting writers and poets whose words have only recently been freed from the grip of censorship — Boris Pasternak, Anna Akhmatova and Nikolai Gumilev — Mr. Reagan told Russians not to fear change or democracy.



George Shultz and his wife, Helena, right, were joined by Andrei D. Sakharov and his wife, Yelena Bonner, at a U.S. dinner in Moscow.

promise of reform will be fulfilled." Toasting Mr. Gorbachev and his wife, Raisa, at a dinner, Mr. Reagan said, "While our discussions have sometimes been pointed or contentious, we possess an enlarged understanding of each other, and of each other's country."

Mr. Reagan's emphasis Tuesday on encouraging change in the Soviet Union extended to his morning meeting with Mr. Gorbachev, the third of the visit.

"It was all domestic, philosophical, political," Mr. Fitzwater said. "The president wanted to give Gorbachev a chance to talk about perestroika." Perestroika, which means restructuring, is the word Mr. Gorbachev uses for his overall effort to revive the economy and reshape Soviet society.

Shevardnadze met with senior aides to make a final effort at breaking some of the remaining arms control deadlocks.

Advertisement for The Glenlivet 12 years old single malt whisky. Includes text: 'What put the Sir in Sir Walter Scott?' and an illustration of a whisky glass and bottle.

Advertisement for Movado Museum Watch. Includes text: 'The Movado Museum Watch: A pure expression of time as art.' and an illustration of the watch.

INTERNATIONAL **Herald Tribune**

Let Bush Be Bush

What happened on Sept. 30, 1968, and why should George Bush care? The answer: That was when Vice President Hubert Humphrey, in a speech in Salt Lake City, began to part company with President Johnson's policies in Vietnam. But the election was a shoo-in for Mr. Humphrey. He was a shoo-in to lose the race to Richard Nixon eventually. It was a shoo-in for Mr. Humphrey to lose the race to Richard Nixon eventually. It was a shoo-in for Mr. Humphrey to lose the race to Richard Nixon eventually.

proppy argot he sometimes uses to address the common man. But the underlying substantive need is to convey a sense of vision and command, which almost surely will involve pointing some daylight between himself and the Reagan administration's inadequacies without alienating millions of true Reaganites. That is not a comfortable task for a candidate who, like Mr. Humphrey 20 years ago, is a decent and loyal man.

Gorbachev and Ethiopia

A staggering tragedy is being produced in Ethiopia by the Marxist government of Colonel Mengistu Haile Mariam. If it is consummated, it will confirm his global reputation as the cruelest leader to come on the world scene since Cambodia's Pol Pot.

It pains the Mengistu government to have foreigners ask whether a prolongation of its rule over the Ethiopian people justifies a policy with clear genocidal implications. What the government fails to realize is that its policy of food denial plays directly into the hands of regional challengers who claim that the Mengistu government is a foreign occupying presence, not a legitimate political authority.

Good News on Trade

It looks as if America's the foreign trade deficit has definitively turned around. That is good news — but only because the previous news has been so bad. Erratic monthly trade figures make it impossible to read a trend until well after it starts. In monthly reports, the deficit peaked last November, shrank for two months, grew in February and shrank in March.

strengthen exports and weaken imports within two years. Trade volume, which means production and jobs, did turn in late 1986. But accounts are settled in money, not tonnage; the deficit in dollar transactions did not peak until last year's final quarter.

Tenure in the Bloc

Mikhail Gorbachev's new proposal for limiting the tenure of Communist officials would have benefited Janos Kadar. Had Mr. Kadar stepped down as Hungary's party chief, say, in 1976, he would have earned glowing notices for his economic reforms and for the relative political tolerance he adopted after ruthlessly crushing the revolutionaries of 1956.

the border with Austria. But in recent years Hungary ceased to be a trailblazer. Goulash communism has given way to hard times, a crushing foreign debt of \$18 billion and high unemployment. The death rate for men aged 35 to 49 is twice the European average.

Central America: A Washington Fiasco

WASHINGTON — "Noriega Gives Us the Finger," screamed a recent headline in the New York Post, and that had it about right. The Panamanian dictator isn't alone in his disdain for U.S. policy. Much of Central America seems to feel the same way these days.

tion official who has played a leading role in shaping the contra program and other U.S. policies in the region. When this frustrated official looks at the map, here is what he sees: Guatemala: The civilian democratic government of President Vinicio Cerros survived a military coup attempt this month, but next time it may not be so lucky.



proved that it is a divided government, a divided country, unable to get a coherent policy. Our general influence is reduced in the area. Why do you have to listen to the United States? The Reagan administration blames Congress for the mess, arguing that U.S. policy lost its credibility when Congress abandoned the Nicaraguan resistance last January.

you've abandoned the contras, and El Salvador and Honduras are gone... Forget 'em. They're gone. They're finished. But we're not gone... So why don't you start switching your investment? El Salvador: The centrist forces of President Jose Napoleon Duarte seem to be losing ground to the rightists.

Bush Will Have to Start Looking Like a President

WASHINGTON — The discord in George Bush's hitherto harmonious campaign — reflected by Peter Teelley's resignation as communications director in a dispute with Craig Fuller, the chief of staff — is the sort of thing that happens in even the most harmonious of campaigns when things start going bad.

the issue (we have to get America moving again) and said he differed only on means, not ends. Mr. Bush needs to be careful, when he says he will be the "education president" or talks about the environment, that he does not hype an issue in terms that favor Governor Dukakis.

An Interest Group Is an Interest Group

CAMBRIDGE, Massachusetts — As a citizen of 1, trust, reasonably responsible concern, I am disturbed by what I read about interest groups. And especially, as one who votes Democratic with some certainty, by what I hear of the grave subordination of past and present Democratic candidates to their influence.

right-to-work laws are simply on the side of the free market. The conclusion seems inescapable. An interest group is any association of citizens that is numerous, most likely of low income and has aspirations that are unfulfilled.

100, 75 AND 50 YEARS AGO

1888: Blaine Withdraws
NEW YORK — A "Times" special says Mr. Blaine's final withdrawal from the presidential contest continues to be the universal topic of political discussion.

1913: Nicaraguan Canal
LONDON — A Washington telegram published by the "Evening News" says that the Administration has decided to negotiate a treaty with Nicaragua, whereby the United States shall be granted the perpetual and exclusive right to build an interoceanic canal in Nicaragua.

1938: Spanish Bombing
BARCELONA — More than 500 people, for the most part women and children, were killed as Nationalist military aviators flung a load of bombs upon the crowded marketplace of Granollers, a town 20 miles northwest of Barcelona, this morning [May 31].

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Russian Fat Is Suddenly In Fashion

By Jim Hoagland
MOSCOW — The Americans are measuring out the hoopla and verbiage in big dollops here this week. Historic first revenge walkabout was the most eye-catching event. The speech had the harder job in sorting the spoken wheat from the rhetorical chaff.

The Reagans proved that they can provoke just as many impromptu "oohs" and "ahs" from a crowd in Moscow as Mikhail Gorbachev did on Connecticut Avenue in Washington. Street-corner party has been established for generations to come.

Some of us are old enough to remember the economic summit at the palace of Versailles here in 1982, when Ronald Reagan and Alexander Haig gave the Europeans and Canadians to understand that the Soviet Union was on its knees economically. One good shove and the Communist system would be on history's ash heap.

Led by Margaret Thatcher and Francois Mitterrand, the Europeans refused. Mr. Reagan stowed the depth of his feeling about the economic pressure issue by then trying to impose sanctions on American major allies to force them into line. A man cannot be a Soviet economic ally to today in 1982. But Mikhail Gorbachev's promising conduct at the helm has transformed the president, who is now trying to help the Soviets up off their knees.

After some hesitation while watching the Washington end of the debate, West Germany has just come down in favor of chubby Russians by cleaning a \$2 billion loan for the Soviet Union. Bonn faced no opposition from the Reagan administration on the loan, diplomatic sources here report.

There are indications in Moscow that the German loan could have been larger if the Soviets had asked for more. But Lenin's early dictum of economic self-sufficiency, which balanced the level of foreign credit sought against the rate of national output, still seems to apply.

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OPINION

The Kremlin Is Still Lying About Political Prisoners

By A. M. Rosenthal

NEW YORK — Genadi I. Gerasimov, spokesman of the Soviet Union, is a sophisticated man, looked straight at the American people through a television camera in Moscow and lied.

There are no political prisoners in the Soviet Union, he said. Just a few people convicted under Article 70 of the Soviet Criminal Code. About a dozen.

It was startling, not because the Soviet Union and its spokesmen had not told

that falsehood before, but because they had, so dreadingly often. When Mikhail Gorbachev visited Washington last year, Soviet PR men even distributed a booklet saying that there were no political prisoners in the Soviet Union.

It did not matter that the names of at least 600 men and women arrested for uttering their political or religious beliefs were known then in the West. It did not matter that the Soviet KGB itself knew the names of hundreds, perhaps thousands, imprisoned because of what Sam Donaldson in Moscow, I finished Natan Sharansky's "Fear No Evil" published by Random House. It is a book that will live as long as readers are interested in stories of the soul.

Mr. Sharansky was a political prisoner of the Soviet Union. He served nine years for fighting for the right of Jews to practice their religion and for those who wished to leave the country. Nine years, most of them under a special "disciplinary" regime that fed him meager slop and cut him off from family visits, even from letters for a year or two at a time. Four hundred days shivering in punishment cells, two hundred on hunger strikes, his last line of resistance against the KGB.

This is a book about how a man fought and conquered the Soviet prison system with only two weapons — the strength of his own spirit and the fact that his name and plight were known to the world and not forgotten.

Mr. Sharansky was released in 1985, after Mr. Gorbachev took power. Under Mr. Gorbachev, about 300 prisoners have been released. For this he has received proper recognition. There are rumors that next month the Central Committee will go another step, free others and repeal the political imprisonment laws.

But millions of other Soviet citizens are in prisons — Ukrainians, Armenians, Russians, Jews, Moslems and the Baltic nationalities — want to leave the country. As long as the right to leave is denied, they will remain political prisoners.

Unless all this changes, the hope Mr. Gorbachev is creating will not be realized. Lincoln said it one way: A nation cannot endure half slave and half free.

Natan Sharansky said it another, his first night in Jerusalem, when he kissed the Western Wall of the Old Temple: "Baruch miat' astay." Blessed is he who liberates the imprisoned.

The New York Times.



So Very Far Off Broadway, 'Les Misérables' Plays Well

By Ilene Barth

NEW YORK — "I had a dream my life would be so different / From this hell I'm living. Now life has killed the dream I dreamed."

Fantine, a dying factory worker who has sent away her baby so she could continue working, sings these words in the brilliant musical, "Les Misérables." On a recent afternoon, Randi Graff, Fantine on Broadway — brought her haunting melody to the disabled, the

homeless and the elderly poor in a theater at Manhattan Community College.

Seventeen performers took no fee for the free show organized by the Society of Singers and Hospital Audiences Inc. The audience was as rapt as the theatergoers who pay \$30 a ticket, or more, to see the best that New York has to offer.

"There is a castle on a cloud ... No one there or talks too loud." This is the fantasy world of Fantine's

little girl, Cosette, now an orphan ill-used by the innkeeper's family with whom she boards. On the Great White Way, Donna Vivino is in rags as she belts out these poignant lyrics. Last week, in a pretty white dress, she sang her heart out on a stage decorated by a bare backdrop lit variously in pink, blue and purple.

At intermission, Eddie Shaw, 17, chose Cosette's theme as his favorite. "I liked the little girl's song best," he said as his ten-age friends in the Promesa Drug Rehabilitation program in the Bronx nodded in agreement.

"I'm all alone again ... Without a home, without a friend / Without a face to say hello to ... The city goes to bed / And I can hear it inside my head."

This is from "On My Own," sung by Kelli James as the gamine, Epounee, in "Les Misérables." Applause went up a decibel or two last week when Epounee finished her lullaby of loss.

"On My Own" went right to my heart," said Yolanda Herrera, 27, who has come to the show through other clients of the Fordham-Tremont Community Health Center.

White-haired Bill Rubenstein, a resident of the New Haven Manor Home for Adults in Far Rockaway, couldn't choose. "It's amazing how wonderful they all are," he said with a grand smile that revealed a scarcity of teeth.

Not all the noses echoed the despair that most in the audience — and many out on the rainy streets of New York that day — might be imagined to share. Mel-lyds of old Irving Berlin and Julie Syme songs wafted through the auditorium, drawing appreciative toe-tapping from many older and applause from most others. A song by Janice Pendarvis, inspired whistles of enthusiasm and ardent applause from new admirers, age 16 to 86.

"Home is the best ... God bless the house I live in / The howdies and handshakes ... The house we call freedom."

The veteran musical star Dorothy Loudon, who had done much to persuade some of the city's bright lights to donate their talents, sang this as a lead-in to "America the Beautiful."

Hospital Audiences and the Society of Singers hope to stage the program, "Broadway Babies," again next fall as a benefit to aid both organizations.

Backstage, Miss Loudon gestured toward the departing audience. "We'd like to help our own who've grown old and destitute by building them a home," she said, adding, "The audience response today was wonderful, and when you get that kind of warmth, you give it back."

In Hugo's "Les Misérables," Jean Valjean shines the candlelight of charity on the Paris slums of the early 19th century. A century and half later and an ocean away, Miss Loudon and her comrades are striking matches with their music.

Newday.

LETTERS TO THE EDITOR

In Papua New Guinea, Democracy Survives a Tough Test

The opinion column by David Haggarty, "A Testing Time for Papua New Guinea" (May 24), is misleading.

First, current developments on the political scene in Papua New Guinea are the normal events resulting from a proposal for a motion of no confidence. Since Papua New Guinea gained independence from Australia in 1975, many motions of no confidence have been proposed. Three of them were successful, resulting in changes of government.

The no-confidence mechanism provided by the National Constitution was intended to safeguard against more destabilizing situations. The three most changes of government through the no-confidence mechanism testify to the effectiveness of this measure. Papua New Guinea, therefore, is not facing its "toughest test" since independence.

Second, policy-making in Papua New Guinea is done by politicians as well as bureaucrats. Policy development is an ongoing process; political changes do not cause "virtual paralysis of policy-making" in Papua New Guinea.

Third, Papua New Guinea has clear policy on industrialization. Given time and the efforts that are being made, manufacturing and industry will expand.

Fourth, corruption is treated seriously in Papua New Guinea, and every scandalous case is screened by the Ombudsman Commission, the courts and other anti-corruption bodies. There are more than adequate facilities in Papua New Guinea to deal with corruption.

Fifth, a military coup in Papua New Guinea is not required. There are sufficient governmental mechanisms to allow political change to take place with-

out damaging the democratic fabric.

The news is that the proposal for a motion of no confidence has been abandoned and a government of unity has been formed, bringing together the two major political parties. Pias Wipi, the leader of the People's Democratic Movement, remains the prime minister; the deputy prime minister is Rabbin Namuliu of Pangu Pati. Michael Somare, who led Pangu Pati for 21 years and was Papua New Guinea's first prime minister, is the new foreign minister. The coming together of the two main political parties puts to rest the so-called "toughest test" to political stability in Papua New Guinea.

JOSEPH GABUT, Chargé d'Affaires, Papua New Guinea Embassy, Brussels.

Three Who Were Addicted

After reading the article by Anthony Lewis ("The Tobacco Talk Is Morbid Nonsense," May 20), I was compelled to write my first letter to an editor.

I began smoking at age 15, thinking it was the manly thing to do. Cigarettes never really agreed with me physically. I developed shortness of breath and a persistent hacking cough. But the nicotine did give me great pleasure.

The physical effects of smoking, however, became debilitating. I was bothered by lung problems, and after 10 years of smoking, I had to give up sports.

After 15 years of smoking, I wanted to stop. But after many attempts to quit, I began feeling that there was no way short of dying that I would give it up.

The thought of dying, of being killed by cigarettes, began to develop in my sub-

conscious. Finally, after 20 years, I quit. For years, the pain of not being able (not allowing myself) to smoke was almost unbearable. But I gradually became aware of the return of my good health. Now, 25 years after quitting, I run daily, fly a hang glider, enjoy my work and, in short, am really living.

To sum up, the worst thing I ever did was to start smoking, and the best thing I ever did was to give it up. Thank you, Mr. Lewis, for compelling me to write.

H.P. AMES, Bombay.

I started smoking in 1943 when, as the advertisement said, "More doctors smoke Camels than any other cigarette." I was 13. I stopped smoking five years ago after 40 years of puffing.

I had tried many times, sometimes desperately, to quit, but the addiction proved too strong. It took a serious throat problem to finally induce me to give up. But many people I know are unable to quit. There cannot be enough warnings on the dangers of smoking.

WALTER J. MURRAY, Istanbul.

Thanks to Anthony Lewis for his to-the-point opinion column. Statements such as those made by Brennan Moran of the Tobacco Institute insult the intelligence of the average reader.

I was a smoker for 17 years. Several times I quit only to start again. I did not return out of personal choice but out of physical need. On May 13, 1987, I quit for what I hope is the last time.

I have had great difficulty continuing with my normal family life and my

On Japanese Revisionism

Reading your coverage of the recent comments by a Japanese cabinet minister, Siesuke Okuno, on Japan's role in World War II ("Aide Again Minimizes Japan's Wartime Role," May 11), your readers may get the impression there is a strong revisionist trend in Japan.

In fact, the opposite is true. While 41 of the Liberal Democratic Party's 445 Diet members issued a statement in support of Mr. Okuno's views, the number supporting such views would have been much higher 15 years ago. Mr. Okuno's comments are conspicuous precisely because such views are now rare and because they are in stark contrast to the overall positive trend in Japanese-Chinese relations since 1972.

TAKUYA TSUJI, Tokyo.

GENERAL NEWS

Dukakis Meets With Black Leaders In Effort to Build Community Ties

By Robin Toner

New York Times Service

BOSTON — Governor Michael S. Dukakis has tried to signal his sensitivity to the importance of the black vote by meeting with black supporters from around the United States, playing down his differences with the Reverend Jesse L. Jackson and predicting a unified Democratic campaign this fall.

But the meeting Monday also served to underscore the narrowness of Mr. Dukakis's base among black voters, and thus to highlight the importance of his relationship with Mr. Jackson in the weeks to come.

Of the 70 supporters who attended the conference in Boston, 26 were from Massachusetts, according to a list provided by campaign officials.

In contrast, only two were from Georgia, a state rich in black political leadership, and neither of them were elected officials.

Ernest N. Morial, the former mayor of New Orleans, was the only nationally known black Democrat at the conference. Later in the day, a campaign spokesman said that the number of out-of-state

participants had increased, but he was unable to furnish an updated list.

Still, the official mood at the conference, which was closed to the press, was said to be upbeat. Participants said they were confident that Mr. Dukakis's record would play well among black Democrats.

Some argued that the prospect of a victory by Vice President George Bush, because of his identification with an administration that is extremely unpopular with blacks, would only intensify the historical loyalty of blacks to the Democratic Party.

For example, Mr. Morial said, "Jesse Jackson is going to do what's in the best interest of his constituency, and the best interest of his constituency is having a Democrat in the White House on Jan. 20, 1989."

The Dukakis campaign largely ceded the black vote to Mr. Jackson for most of the primary season, but recently began to make some careful, cautious moves to reach out more to black Democrats.

The primary season ends Tuesday with the California and New Jersey primaries.

The conference was confined to blacks who supported Mr. Dukakis this spring, and seemed designed, in part, to thank them for what was often a lonely undertaking and to assure them that it would not be forgotten.

In his private meeting, Mr. Dukakis apparently emphasized his commitment on such issues as affirmative action and promised a growing black presence in the campaign, participants said.

"Very clearly, the presence of black Americans in this campaign is going to have to be expanded, will be expanded," said Charles Drew Jarvis, a member of the District of Columbia City Council.

Last week, the Dukakis campaign hired Donna Brazile, a respected black organizer who was a senior official in Mr. Jackson's 1984 campaign, and then in Representative Richard A. Gephardt's unsuccessful bid for the nomination this year.

Still, in the view of many politicians, Mr. Dukakis's image among black Democrats will largely be shaped by the course of his relationship with Mr. Jackson.



Attorney General Edwin Meese

Meese Hints He May Quit Before Vote

The Associated Press

WASHINGTON — Attorney General Edwin Meese 3d says he may resign before the November election but not before he has a chance to "set the record straight."

Mr. Meese said in an interview on Monday that before he steps aside, he wants to respond to the allegations that have been made against him concerning his ties to scandal-plagued Wedtech Corp. and a \$1 billion Iraqi pipeline project.

An independent counsel who has been investigating Mr. Meese for the past year is expected to issue a report in several weeks. Mr. Meese is not expected to be indicted but the report will raise questions about his ethical conduct, according to sources familiar with the investigation.

Those questions will be investigated by the Justice Department's Office of Professional Responsibility, in an examination that could last for months.

Once he has had an opportunity to respond to the independent counsel's report and "set the record straight," Mr. Meese said, "my own personal plans are going to be the deciding point as to when the proper time is to step down." He said that time could be in Jan. 20, when President Ronald Reagan leaves office, or "sometime before that."

AMERICAN TOPICS

Handy Hypocrisies Like 'Let's Do Lunch'

"Let's do lunch" or "We must get together soon" mean, in fact, exactly the opposite, Enid Nemy notes in The New York Times.

Such remarks "are usually made by people who can't let well enough alone with a simple 'Goodbye,' she says.

"There's also no point in getting excited and buying a new wardrobe when the owner of a country house or a ski lodge says, 'You must come out for a weekend.'"

The reason these invitations that aren't invitations continue is that they're never challenged. No one ever looks the other person in the eye and says "When?"

Chances are if such a commitment were asked for, the reaction would be shock at the boorishness of it all.

Miss Nemy adds, "Another favorite throwaway line is 'The money isn't important' (or, 'It's not the money'), which, you can

bet your bottom dollar, means it is.

But, "to strike a small but happy note, there's a common phrase that doesn't always mean the opposite. Sometimes people say 'I'll get back to you' and they really do."

Short Takes

The navy is studying the possibility of making warships, like the stealth aircraft, largely undetectable by radar. Defense Secretary Frank C. Carlucci told the graduating class at the U.S. Naval Academy at Annapolis, Maryland. He gave no details of how ships might be built. But he said, "These designs, if successful, could restore the surface combatant to an independent role as a significant strike element of the fleet."

Governor Mario M. Cuomo of New York has thus far refused to run for the Democratic presidential nomination. When his wife, Mailda, was asked about this, she said, "Did I want him to run for president? The fact is I believe in destiny. I just feel if it's meant somebody he should be president. He'll be president. That's it. I'm resigned to that. Who knew he'd ever be governor?"

The smoking ban on many commercial flights has had an unhealthy side effect — it sufficed out a simple method for spotting cracks on the after pressure bulkhead, a critical structural element in aircraft. Escaping cigarette smoke leaves a tell-tale stain. Mechanics must now rely on much closer visual inspections or electronic means to detect cracks. Two U.S. congressmen, Thomas E. Lewis, Republican of Florida, and Dan Glickman, Democrat of Kansas, have introduced a bill to require the Federal Aviation Administration to conduct research into better detector equipment. If the easiest and most common way to detect leaks is to look for tobacco smoke stains, Mr. Lewis said, it is "not very reassuring."

A poem submitted to the Metropolitan Diary column of The New York Times by L.E. Shapiro:

ON ASTROLOGY "What signs were you born under?" "The question makes me groan. My usual reply is: "Quiet. Hospital Zone."

Arthur Higbee

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1992

The World's Rendezvous With Europe

Opinion / Pan-European Trends

Airline Deregulation: Prospects and Priorities

The prospect of a single EC market with a liberal, pro-competitive aviation regime is a powerful incentive for massive structural change in European air transport. This is already transforming airline plans and operations. The emerging scenario for 1992 suggests that, as the restructuring accelerates, competition, concentration and congestion will become the dominant issues of the day.

By 1992 there will be more airline competition in Europe than ever before. As government market controls on entry, capacity and tariffs are relaxed and EC competition rules are applied, more national airlines will offer more competing products and prices, instead of the standardized tariffs they currently offer. Experience on routes between the U.K. and Ireland and the U.K. and Netherlands shows the dra-

petition in Atlantic markets and on their embryonic European route networks. Similarly, in Asian and Pacific markets, where the strongest growth is predicted, there is a core of powerful, highly efficient, service-oriented competitors. Airlines like Singapore, Cathay and Thai serve many European destinations and have much greater aspirations.

The large national airlines are reorganizing to enhance European and global competitiveness while consolidating their positions in home markets. By 1992 the majority of these airlines will be privatized and the remainder will have greatly reduced government shareholding, providing greater flexibility to operate like other international enterprises. British Airways has already shown as much in its actions to acquire British Caledonian.

Key issues are competition, concentration, congestion

matic fare reductions that can be achieved when hungry new entrants like Ryan Air and British Midland are allowed into protected markets.

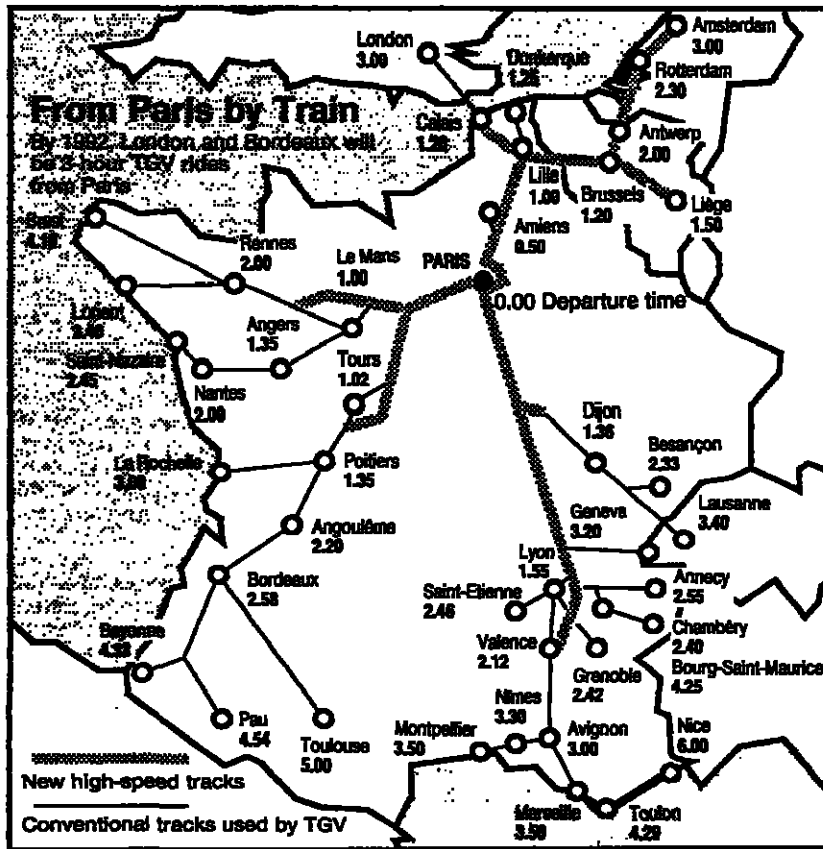
Today's charter airlines, which already carry almost half the people flying within Europe, will have expanded their horizons into traditional scheduled markets as low-fare alternatives for both business and leisure travelers. These carriers are well organized, have tight cost structures and modern equipment. Air Europe is already demonstrating the market potential of such an operation with fares well below established scheduled levels to a variety of points out of London.

A new breed of low-cost, U.S. "mega airlines" — American, Delta, Northwest — with massive domestic traffic feed and incredibly effective supercomputer reservation and distribution systems will provide tough com-

petition in Atlantic markets and on their embryonic European route networks. Similarly, in Asian and Pacific markets, where the strongest growth is predicted, there is a core of powerful, highly efficient, service-oriented competitors. Airlines like Singapore, Cathay and Thai serve many European destinations and have much greater aspirations.

All will be partners in the two supercomputer reservation "combines," Galileo and Amadeus, recently established to distribute travel products throughout Europe and the rest of the world. It is evident that in a liberalized world of constantly changing schedules, products and prices, information management and transmission to the market will be keys to financial survival. The new systems are powerful enough to handle the information and

See Opinion, page 8



High-Speed Trains / Network 2000

Green Light for TGV, ICE Systems

A well-dressed young German executive boards a white train with aerodynamic snout nose at Cologne central station and settles into a comfortable window seat. While the train whizzes smoothly toward the French border, he hears little more than a rush of wind from the outside world as trees, fields and grazing cows flash by. Three hours later he arrives at the Gare du Nord in Paris for lunch with an associate.

Business is done over a few glasses of red Bordeaux and a delicious entrecote. After lunch the executive heads

back to the Gare du Nord where he boards another aerodynamic train. It whizzes through northern France at 300 km/h leaving the young man with only a blurred impression of the city of Lille before zooming through the Channel tunnel. A little over three hours after the departure from Paris the train pulls smoothly into London's Waterloo station. Heathrow Airport, covered with thick fog, seems light-years away.

What sounds like a passage from a futuristic novel could become reality in the next few years if Europe's trans-

Interview / Carlos Van Rafelghem, chairman of Sabena

Airline Mergers Expected As Market Opens Up

Carlos Van Rafelghem, chairman of Sabena, Belgium's national airline, outlined his views on airline deregulation in Western Europe, and other topics. The interview, which took place in Brussels, was conducted by Axel Krause, corporate editor of the International Herald Tribune. Following are excerpts from the interview.

What will be the economic impact of airline deregulation? There is little doubt that traffic flow between EC countries will grow. There is great potential to be developed, but we and others are limited by access to smaller European countries. We do not have the traffic rights, which are based on bilateral agreements.

Does the prospect of new, high-speed railroads in Europe concern you? I am absolutely certain they are coming. It is not a happy situation, because there will be new, harsh competition. The forces behind the new trains are strong, too, such as the

Channel tunnel, and it is clear they will be cheaper, particularly for shorter stretches of between 400 and 500 kilometers. But if you want these extra-rapid trains, you have to have the place to install them.

Where is the problem? The environment, and the environmentalists who will be raising hell. There will be resistance as these new trains are built, because most people do not realize what this new expansion of railroads will mean in terms of affecting the environment.

How can airline planners react? When talking about the same distances, we should have more shuttle lines and shuttle airports. We won't be able to compete afterwards, and therefore, these networks will have to be created soon. Shuttle systems can also be established with existing aircraft.

Jan Carlzon of Scandinavian Airlines System said in a recent interview that Europe will have to develop at least one "mega-carrier" to compete with the U.S. in handling international traffic. Do you agree? I do not share that point of view. I am sure there will be more mergers. The first will come within a European country, followed by those across borders. The real issue is finding a formula.

What is your concept? Concentration, integration, but without being absorbed, and creation of a common subsidiary.

Isn't that what Mr. Carlzon proposed to Sabena prior to the failure of your merger talks last year? I am amazed to hear that. The answer is no. SAS proposed exactly the opposite. He wanted us to come to SAS. That's the reason the proposal was refused.

In a 1975 study, McKinsey, the

See Interview, page 10

See High-Speed Trains, page 9

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1992 The World's Rendezvous With Europe

Congestion / Europe's Crowded Airways

Toward a European Air Traffic Control System

By the end of this century, predicted the officials in Frankfurt, Rhein-Main airport should be serving 23 million passengers a year. Those 23 million, however, showed up 13 years early.

Faced with this unexpected 14 percent increase from 1986, officials revised their estimate. They now expect 32 million passengers by the year 2000 — and they're wondering where to put them all.

It's not an unusual problem among Europe's main airports. "We are already at passenger-traffic levels forecasted for 1992, and traffic will double again by the year 2000," says Karl-Heinz Neumeister, secretary general of the Association of European Airlines.

The AEA reports that the runways and terminals at Stuttgart and Barcelona



Karl-Heinz Neumeister: "Traffic will double by the year 2000."

Problems are compounded by the EC's drive to deregulate

airports already saturated, while the terminals in Lyon, Lisbon and Oslo are badly overcrowded.

In addition, the AEA report predicts that many more airports are approaching their maximum capacity for passengers, planes or both. Overcrowded runways are regarded as the most serious problem. "Airplanes landing and taking off cannot be squeezed together to the same degree as passengers in terminal buildings," the AEA notes.

The trend reflects a worldwide increase in air traffic — which rose by 13 percent in 1987 and is expected to grow a further 6-8 percent this year.

"We cannot overlook the mounting problem of air congestion in the air lanes and at airports, which will create delays as the system seeks to adapt to the growing traffic volumes," says Gunter Esler, director general of the International Air Transport Association in Geneva.

The problems are compounded by the prospect of more flights and more passengers arriving as airlines offer new routes and lower prices under the European Community's drive to deregulate the industry. West Germany is especially prone to air traffic problems because much of its air space is

reserved for NATO air bases and so is out of bounds to civilian aircraft.

At the new London City Airport, flights to and from Paris were temporarily suspended after pilots complained about a series of near-collisions last year.

Alongside these air traffic concerns, airlines' punctuality records also suffer. Delays are caused because there are too many planes jammed together — not only waiting to land, but also waiting to take off.

Lufthansa, whose reputation has been largely built on its appeal to the time-conscious West German business traveler, says its record for on-time arrivals had dropped from 95 percent to 88 percent since 1982.

In 1987, the airline complains, its planes spent 5,200 hours waiting to land at Munich, Düsseldorf and Frankfurt. This is more than twice the amount of time lost during 1986.

The obvious answer is to build new airports. At the moment, however, airports are being built in only three major cities around the world: Denver, Osaka and Munich. The new airport in Munich is already expected to be over capacity by the time it opens in 1991.

Another possible solution is to extend airports' operating hours. Brit-

ain's Department of Transportation is considering 24-hour service at London's Gatwick and Heathrow airports, but union leaders are opposed.

Lufthansa also suggests introducing a Europe-wide air traffic control system. The EC tried to promote such a system, Eurocontrol, but after years of reluctance among member countries, it still has only one control tower, in Maastricht, and is limited to the air space over Belgium, the Netherlands and northern West Germany.

As a Lufthansa spokesman points out: "Market forces cannot produce a solution on their own. Political action is required."

"Unless action is taken, the frequency and magnitude of delays could start to disrupt the operational cycles of airline services, especially charter operations," warns a new report by Britain's Civil Aviation Authority.

To deal with air traffic congestion in Britain, the CAA suggests that airlines use bigger planes and operate fewer flights or divert some traffic away from Heathrow. But these are only small proposals in what is becoming a massive, and in many ways, unpredictable industry.

— Timothy Harper

Opinion / Pan-European Trends

Airline Prospects and Priorities

Continued from page 7

versatile enough to make travel agency operations easier. They earn large-scale revenues for their owners and allow them to maintain a strong position in the marketplace.

The constraints of Europe's airports and airways are, however, a major impediment to market expansion. Industry forecasts suggest that by 1992, some 40 percent of Europe's airports will be operating at full runway and terminal capacity. Moreover, Eurocontrol's forecasted traffic levels for that period have almost already been reached.

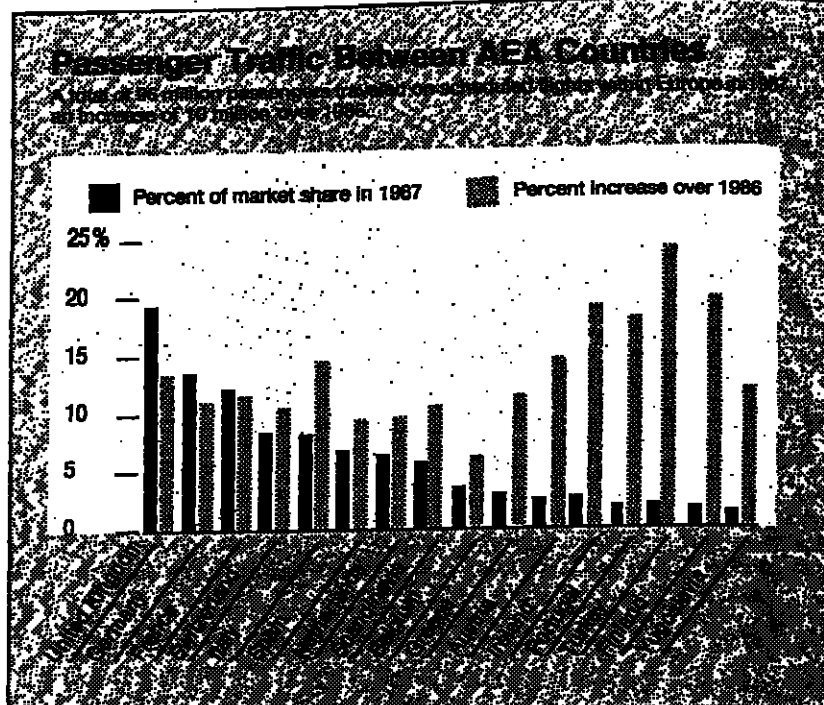
Unless drastic action is taken to increase runway use, to expand terminals and to extend air traffic control capabilities, by 1992 Europe's skies will be dangerously overcrowded, delays will mount and airports will fill up. Safety and service will suffer.

Congestion will not only frustrate liberalization plans, it could also contribute to market distortion. Where landing slots are limited, new entrants may simply never get the opportunity to establish market presence.

The EC has already made significant strides toward a liberal air transport regime in its 1987 Council Decision. Bilateral regulations have been relaxed between EC states to let new entrants onto some mainline and regional routes, to allow some extra frequencies and to encourage discount fares. Competition rules are applied, albeit with numerous exceptions.

Scarcely dramatic changes, but it is, after all, a compromise between 12 states with diverse attitudes to competition, whose economies are affected differently, whose airlines have differing abilities to compete and who are all reluctant to transfer too much sovereign responsibility to the EC. It's very much a first step, with a further round of liberalization planned for 1990 in preparation for the single market.

Against this background, what new priorities might realistically encourage the freer play of market forces and ensure sound system development? Firstly, there must be a new focus on operational issues. Concerns about congestion and the impact on safety and service must be allayed. An EC



program is needed to augment safety levels in light of the increased flying activity, different operational patterns and cost pressures brought about by liberalization. Similarly, a community plan is required to expand congested airports and free up bottlenecks in the air traffic control network. An agency already exists which could coordinate national air traffic flows — Eurocontrol. It should be given the job.

Secondly, reduction in market controls must continue. There should be automatic market entry for Community airlines — scheduled or charter — reflecting the right of establishment contained in the Treaty of Rome. Government intervention in respect of capacity should be dropped to a minimum level to protect vital national interests or to prevent market domination and dumping. Increased pricing flexibility should be encouraged for business as well as leisure fares.

Thirdly, the use of the competition rules must be increased. State aids to airlines have to be controlled. Mergers have to be encouraged where they enhance competition and limited

where they have the opposite effect. Computer reservation systems must not be allowed to support market domination. Any exceptions should be fully justified on public interest grounds.

These are the priorities. There will be an increasing number of other important issues emerging as the Commission seeks to apply all EC economic, fiscal and operational regulations to aviation. VAT on air fares, elimination of duty free shops at airports and exchange of "domestic" community route rights with the United States are all the current vogue. Over time, such concepts will undoubtedly be introduced. In the 1992 time frame, however, countries are unlikely to accept a fully domestic EC market in air transport. It is simply too big a step to expect so quickly and there's too much sovereignty and national interest at stake. But times are changing rapidly and by 1992, if the new priorities are followed, the stage should be set for a smooth transition to a barrier-free EC sky.

— Geoffrey Lipman

On the roads of a unified Europe.



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FRANCE TELECOM INTERNATIONAL



Handwritten signature or note: "John..."

1992 The World's Rendezvous With Europe

High-Speed Trains / Network 2000

EC Chooses Rail System

Continued from page 7

for West Germany's national rail service, the Deutsche Bundesbahn.

On May 1 the Bundesbahn demonstrated its Intercity Experimental (ICE) — which will be called Intercity Express when it takes up regular service — by setting a new German rail speed record of 407 km/h (253 mph). The ICE, which has one locomotive at the front, a second at the back and up to 14 carriages in between, was built by a consortium consisting of Krupp, BBC, Siemens, AEG and Kraus-Maffei. West Germany is currently building two high-speed rail lines: one between Hanover and Würzburg and a second between Mannheim and Stuttgart. Both are scheduled to be finished in 1991.

But the real pioneers in high-speed rail travel were the French. Their TGV (train à grande vitesse) was the

world's fastest train when it entered service in 1981 on a first segment of the so-called Paris-Southeast route between Paris and Lyon.

Today the 512-kilometer journey from Paris to Lyon takes only 2 hours on the TGV as opposed to 6 hours and 10 minutes on a regular intercity.

Meanwhile, the French national railway SNCF is building a second high-speed line, the so-called Atlantic line, which will connect the western part of France with Paris. The first stretch between Paris and Le Mans is scheduled to be completed in 1989. This line could be extended into a high-speed link between Paris and Madrid via Bordeaux and San Sebastian.

The third French high-speed line, called TGV Nord and still in the planning stage, will join the Channel tunnel France to the high-speed network linking Paris, Brussels, Cologne and Amsterdam.

Trains running at 300 km/h will complete the journey from London to Brussels in just three hours. And with a British high-speed line between Folkestone and Waterloo the journey from London to Paris could take a

matchless two and a half hours. But such a line is unlikely to be built soon, if ever.

Before various national high-speed connections and projects can be linked, the European transport ministers have to reach final agreement on the financing of the nucleus line between Paris, Brussels and Cologne.

"The line was supposed to be finished in the mid-1990s but I think this date is no longer realistic," says Bundesbahn spokesman Schell.

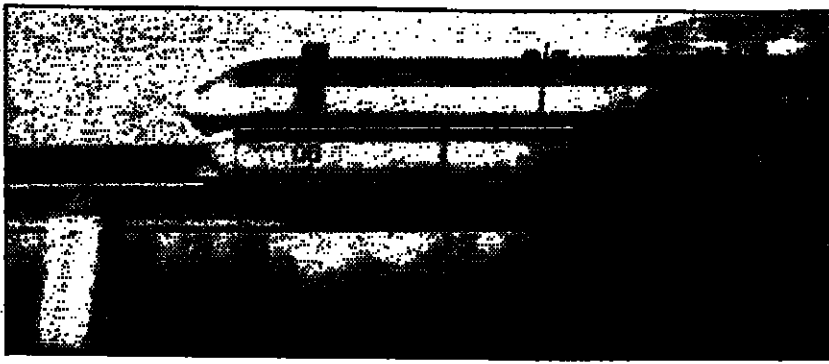
At a meeting in Brussels on April 11, the transport ministers of France, West Germany, the Netherlands, Belgium, Britain and Luxembourg reached final agreement on the technical details: the European high-speed trains of the 1990s will run on steel rails on the ground. An alternative plan — to connect the four European cities with a magnetic levitation train — running on a concrete track raised on stilts — turned out to be too expensive.

Instead the ministers laid down the technical specifications for a train that will keep its wheels on the ground and run at a speed of 250 km/h to 270 km/h. The new European trains will also be able to run across national frontiers without having to change locomotives and adapt to a different voltage at every border.

The consortium that built Germany's magnetic levitation train — the Transrapid — is not too happy with the European transport ministers' decision. But Reinhard Forst-Lörken of the transport technology department at Thyssen-Henschel admits that the initial cost of setting up a magnetic levitation train may have deterred the ministers.

Thyssen-Henschel is one of the partners in the Transrapid consortium led by German aerospace firm Messerschmitt-Boelkow-Blohm. "The Transrapid was built for long-distance, cross-border travel. It travels at 400 km/h and has to be used on long-distance connections to be economical," says Mr. Forst-Lörken. Thus the consortium will continue to lobby for the magnetic levitation concept in Europe wherever and whenever decisions about new transport systems and connections are made.

While the six European transport



The Transrapid is supported by magnetic levitation.

ministers have agreed on the technical details, the sticky issue of financing the new European high-speed rail network still has to be settled. Studies show that the cost of improving the rail infrastructure will be the highest in Belgium, yet Belgium is mainly used as a transit country in the new European high-speed link. There will be a stop in Brussels but the demand for high-speed rail travel inside Belgium does not justify the huge expenses involved. Therefore the other participating nations have to share part of the financial burden. It is estimated that the link between Paris, Brussels, Cologne and Amsterdam will cost a total of \$3.2 billion.

Later, when Britain is to be linked with the continent via the Channel tun-

nel — which is scheduled to be completed in the mid-1990s — yet another problem has to be solved. Railway rails are the same distance apart in Britain and France. But the width and height of continental rolling stock are greater. This means that a special, narrow train must be built to run through the Channel tunnel to Britain.

"I hope that we can get the Paris, Brussels, Cologne, Amsterdam route on the rails by the year 2000," Schell says. By then 16 years will have passed since transport ministers from France, West Germany and Belgium enthusiastically announced that they had agreed to take the European high-speed rail link into the stage of detailed research.

Will the transport industry create the greatest snag in the smooth flow of goods within the European Community, targeted for 1992? It seems likely, unless a solution is found to the major dispute which has emerged at the heart of the EC's trucking industry.

At the center of the dispute is West Germany, the only EC member to oppose the projected liberalization of the industry which will allow community truckers to move freely within EC borders by 1992. The liberalization package also proposes to open national markets completely to haulers from other EC nations.

Today, more than half of EC trucking is restricted by bilateral agreements on haulage permits, which are scheduled to be abolished. Domestic routes are jealously guarded, ruled by domestic companies.

Rather than have bilateral agreements dropped at once, Bonn would like to see competition gradually increased. But German Transport Minister Jürgen Warnke has been unable to

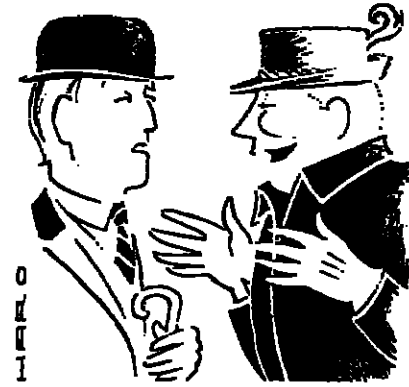
News / The Countdown Continues

Polyglot? Not Entirely

Linguistic deficiencies are more widespread throughout the EC than had been generally believed, according to a recent poll by the Commission's communications department. It showed that a surprising 66 percent of EC citizens speak only one language; less than 25 percent speak two, while only 8 percent are trilingual. The so-called "uni-tongue" countries include Britain, Ireland and Portugal, while the Netherlands, Denmark and Luxembourg score highest in language ability.

West German Economics Minister Martin Bangemann has confirmed that he will resign shortly and seek a slot on the new 17-member EC Commission, whose term ends at the end of this year. However, sources in Brussels and Paris strongly discounted reports that he will challenge Jacques Delors for the EC Commission Presidency. That would immediately trigger a heated debate at the EC summit meeting in Hannover at the end of June, which no one wants — least of all German Chancellor Helmut Kohl, who will be the host.

Spain's insurance industry is the EC's least developed, but growing fastest, and is attracting a rapidly growing number of foreign insurance companies that already control 50 percent of the market. According to a survey of the European insurance industry published May 21 by *Le Monde*, the daily French newspaper, growth of life insurance — long considered a luxury by Spaniards — has been transformed into "an explosion." The largest Spanish insurance company, l'Union y El Fenix Español, has only 14 percent of the domestic market.



— Sabine Krueger

Trucking / Discrepancies in Taxation Level

The German Dilemma

convince the EC to raise the number of permits by 40 percent annually. On May 24, he met with EC officials in an attempt to break the deadlock.

West Germany is also pushing for greater standardization and harmonization in EC trucking laws; existing rules in the 12 member states vary radically. West Germany argues that fair competition is impossible under existing conditions, with each country having its own taxation level on road use and fuel, and varying standards for drivers' mandatory rest periods.

Werner Gockeln, policy director of the German Trucking Association, claims that half of his nation's 9,000 trucking companies will be endangered if major changes are not made. The focus of the conflict is the Dutch-German border. Although

more trucking is conducted between the two nations than between any other EC trade partners, only 28 percent of Dutch-German hauled trade is moved by German companies.

The Germans argue that they have cost disadvantages. At DM 10,500 (\$6,176) annually per 40-metric ton truck, German vehicle tax is more than three times the Dutch equivalent and German fuel taxes are more than twice as high, according to the Association. "A Dutch company must pay the same taxes or the competition is unfairly distorted," Mr. Gockeln said.

Operating a 28-ton truck in Germany costs about DM 214,000 per year, or 8.1 percent to 9.2 percent more than in the Netherlands, according to a study prepared by Prognos AG, the Swiss business research company.

But a study released in May by the Netherlands Center for Transportation Research, Training and Consultancy Services claimed the Dutch advantage amounted to only 1 percent.

"The vehicle taxes in Germany are higher, but our wages and social benefits are higher. There is no reason to fear unfair competition," explained Robert Tékke of the Organization for Dutch International Road Haulage.

One suggested solution to the conflict concerns road-use taxes, which the EC would like to base on territoriality rather than nationality. This means truckers would pay taxes in the nation where they haul goods rather than where their vehicles are registered.

Germany is also considering charging trucks to use its highways and, in efforts to harmonize EC trucking costs, might even charge domestic haulers less than foreign competitors. Following that route would be sure to cause an even greater outcry among EC truckers.

— Erich E. Toll

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1992 The World's Rendezvous With Europe

Airline Service / Competitive Market Trends

Europe Facilitates New Routes, Discount Rates

The first steps toward liberalizing Europe's air industry were taken when new regulations went into effect on January 1. The new rules give airlines more power to cut fares and begin new routes without government approval. Consequently, the EC predicts, increased competition between airlines should provide travelers with greater freedom of choice; fares could, by some estimates, fall by 10-20 percent.

Many of the common restrictions on discount and promotional fares have effectively been outlawed. A prime example is the "Saturday night stay" restriction. Certain governments imposed this condition to protect their national carriers. But under the new rules, smaller airlines may offer discount rates on scheduled flights even

Air Europe's new scheduled services include London Gatwick to Paris, Brussels, Munich, Palma, and Lanzarote. Frankfurt, Geneva, Copenhagen and Zurich services begin this summer, and Goodman's next ambition is to introduce flights to Hamburg, Oslo and Stockholm.

In late April, Air Europe made perhaps the boldest move yet under the new EC rules; a £59 (\$111) advance-purchase round-trip ticket to Paris. The cheap fare was a direct challenge to the business that has traditionally gone to British Airways and its normal £85 (\$160) one-way service from London to Paris. British Airways says it welcomes both deregulation and the competitive challenges of other airlines. "Let anyone fly anywhere and see who wins," a spokesman says.

Fares could fall by 10 to 20 percent

if the passenger does not plan to stay over the weekend.

"No longer will two airlines be able to operate a cozy cartel and monopolize a route," said Paul Channon, Britain's transportation minister.

The new EC rules have already had a discernible effect on fares. British Airways, for example, says its fares have decreased by about 4 percent since January. But Mr. Channon and other industry observers believe many fares will drop much further during the summer holiday season. "Obviously fares will come down," says Roy Brandner, chairman of the Association of British Travel Agents. "Business will be even more competitive."

One of the smaller airlines that is seizing the opportunity to compete is British-based Air Europe, which began primarily as a holiday charter carrier for package tours and is now rapidly expanding its scheduled services across the continent.

"Suddenly in the last six months things have opened up. It's moving far faster than I ever imagined," says Harry Goodman, the irascible head of International Leisure Group, Air Europe's parent company.

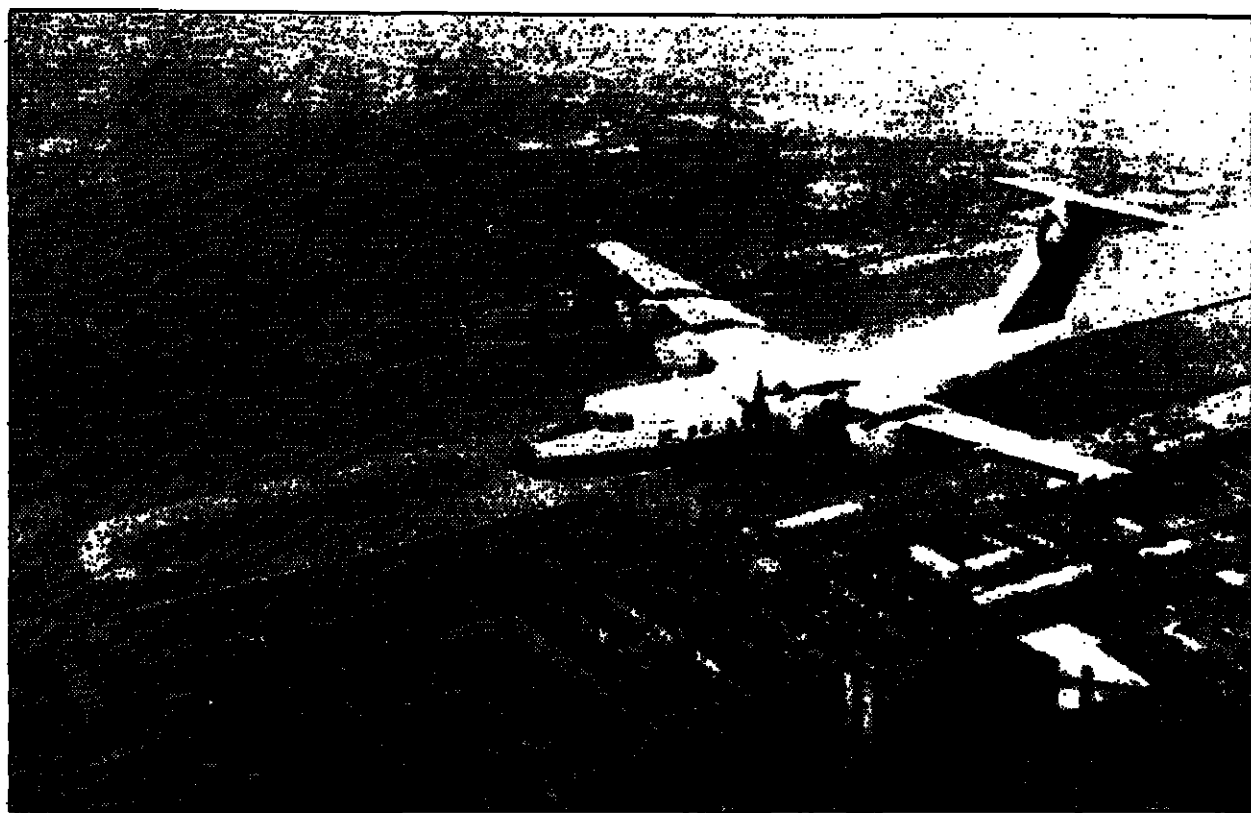
One of the keys to the open competition is the CRS — computerized reservation system. By listing all their flights and fares on the same computer, the airlines can pick up passengers from each other.

Two main CRS "clubs" could eventually dominate Europe. One, called Galileo, includes British Airways, British Caledonian, Air Lingus, Alitalia, Austrian Airlines, KLM, Swissair, TAP of Portugal, Sabena of Belgium and United Airlines of the United States.

The other — called Amadeus — includes Air France, Air Inter, Adria of Yugoslavia, Braathens of Norway, Finnair, Icelandair, Linjeflyg of Sweden, Iberia, JAT of Yugoslavia, Lufthansa, SAS and Continental and Eastern of the United States.

The airlines believe that such wide-ranging CRS clubs will help them to expand their business by providing "global" connections. Americans traveling from Denver to Paris, for example, can use the CRS in an airline ticket office or travel agency to scan the schedules and book a continental flight to London which connects with Air France to Paris.

It is argued that forcing airlines to list their fares alongside those of their competitors will keep prices down. Yet smaller airlines fear that large airlines will dominate the CRS systems and so stifle competition by monopolizing the attention of travel agents.



Dash 7, a familiar sight at London City Airport.

For instance, if those hypothetical travelers from Denver book their tickets to London through Continental, or an agent that only has the Amadeus CRS, they'll have no way of seeing BA's schedule or fares — or Air Europe's bargains — to Paris.

The next logical step for CRS would be from the airline ticket office or travel agency to the personal computer. Naturally, travel agents oppose the notion of letting travelers book their own tickets. But the 8-10 percent they stand to lose in commissions could equally well be translated into better service or lower fares.

Another case of microtechnology coming to the traveler's aid is being investigated by the International Air Transport Association. IATA is studying the possibility of "smart" computer-issued air travel tickets that would double as boarding passes.

Meanwhile, the prospect of intense competition to offer lower fares means that the frequent-flyer programs — already becoming less popular in the United States — are increasingly unlikely to catch on in Europe. Similarly, fewer restrictions on discount and promotional fares will probably lead to the demise of many cheap-ticket

"bucket shops." Lower across-the-board fares and fewer route restrictions may also mean fewer cheap-ticket charter flights as more charter airlines follow Air Europe's example of setting schedules. "The only real difference between charter and scheduled services is the way they are sold," says Dave Hopkins, manager of Britannia Airlines. "The two are becoming increasingly blurred."

The possibility of new routes — and the fact that most if not all landing and takeoff slots are already taken at most major airports — should encourage certain airlines to look for alternative landing sites. In Great Britain, for example, airports outside London such as Stansted and Luton are sure to get increased business from smaller airlines that target their services at the traveler who is ready to sacrifice the convenience of a major airport in return for a major reduction in the fare.

Business travelers who are willing to pay first-class prices have the alternative of sites such as London City Airport, which has planes flying to Paris every half hour or so and boasts a check-in time of only ten minutes. Such airports — or short take off and

landing airports — are likely to spread to other major European cities.

While a new generation of smaller, quieter planes like the 50-seat turbo-prop DHC Dash 7 and 90-seat BAe 146 four-engine jet will serve urban airports, the big airlines will be using even bigger planes such as the 800-seat Boeing 747 on the most popular long-haul routes.

The important thing about greater liberalization is that companies will be forced to focus more on the important things like price and schedule and on-time performance," says Richard Bond, vice president of Cresap, an airlines management consultancy.

In the past, when cartel arrangements limited the range of choices for price and schedule, Mr. Bond adds, the idea of smiling, pretty stewardesses and good in-flight meals was all the airlines had to sell themselves. But the quality of service should be as good or better by 1992 than it is now despite the prospect of cheaper fares.

The airlines that do well — indeed, the ones that survive — will be the ones that cut their costs so that they can cut their prices. Those are the new rules of the game.

— Timothy Harper

News / People and Places

Reagan and The EC

The Reagan Administration has established a high-level inter-agency task force in Washington to monitor and evaluate the policy implications for the United States of the EC's 1992 plan for an integrated market. Presiding over the group will be the Office of the Special Trade Representative. The Treasury, State and Commerce departments also are actively participating. "The United States, of course, encourages and supports 1992 ... two caveats are in order, however," commented Denis Lamb, U.S. Ambassador to the Organization for Economic Cooperation & Development. Speaking in Brussels recently, Mr. Lamb cited the prospects of "new trade restraints on the Community level," and what he termed "preferential treatment to EC entities."

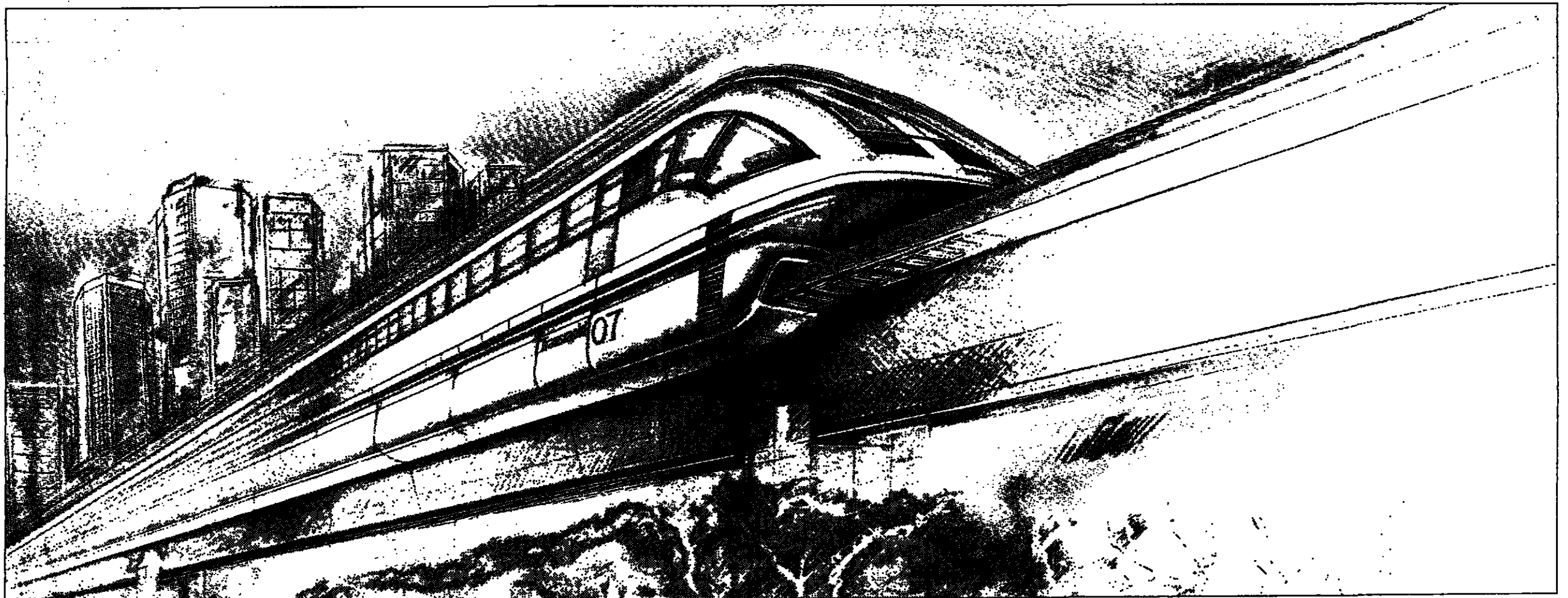
The British government has announced that it has no intention of dismantling passport controls at Britain's ports and airports, including those for passengers using the Eurotunnel when it is operating in 1993. Frontier check posts throughout Britain also will be maintained for security reasons, including those for EC members entering Great Britain, the Foreign Office said.

The European Parliament's legal affairs committee has approved the EC Commission's directive for liberalizing non-life insurance in the community, a key step in obtaining final endorsement by the Council of Ministers. A draft report submitted by Peter Price, a British deputy, was recently adopted by the committee without amendments.

Timothy Harper is a London-based American journalist and lawyer. Axel Krause, IHT corporate editor, is supervising the 1992 series. Sabine Krueger is a correspondent for McGraw-Hill in Bonn. Joel Stratte-McClure is a freelance writer and the editor of *Sophisticat*. Erich E. Toll is the West German correspondent for the *Journal of Commerce*.

The next issue on 1992 will be published September 29, 1988.

412 km/hr — a World Record with Thyssen Electronics.



Thyssen presents its range of products and services for the traffic and transportation industry at the International Transport and Traffic Exhibition, Hamburg, June 1 - 12, 1988

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allow the train to levitate and move forward — so far at 412 km/hr, the world speed record for magnetic levitation systems. Even faster will be the new generation of Transrapid vehicles with a service speed of 500 km/hr. The first

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Opens

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Stephen Wheelwright

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Erich E. Toll

ARTS / LEISURE

A Superb Staging of 'Vanya'

By Sheridan Morley
LONDON — It has become increasingly apparent over the last two years...

suitably enough the first ever to call him the Great Gambon. The constant joy and wonder of this new production is the utter control and confidence of Michael Blakemore's staging...

try-doctor Astrov, Jonathan Cecil as the lugubrious neighbor, Imelda Staunton as the doomed Sonya, and Benjamin Whitrow as the treacherous professor...

existence. In essence a triangular piece covered by Hester and the two men unable to return her love in anything like its original passion...



Michael Gambon gives a masterful performance in role of Vanya.

U.S. Headliners In U.K. Opera

By Henry Pleasant
LONDON — American singers have been making the opera news here in recent weeks...

has sung many roles with the San Francisco Opera and the New York City Opera...

Dining Out section listing various restaurants in Geneva, Paris, and New York with their specialties and contact information.

At the Theatre Royal, Haymarket, Alan Strachan's second production in a decade of 'The Deep Blue Sea' comes as another reminder of the blazing and ongoing power of Terence Rattigan's mid-century drama.

'No good will come of this,' says one of the neighbors early in what promises to be an interminable evening, thereby neatly providing one of the best of reviews.

DOONESBURY comic strip panels showing characters in a conversation.

Trussel, who came to Covent Garden fresh from performances of Grimes at Florence's Maggio Musicale, has been around a bit longer, almost 20 years.

Other critics, unanimously, wrote about both artists in the same vein, and I happily endorse their judgment. The biographies of Gustafson and Trussel, especially of Gustafson, in the program books of Glyndebourne and the Royal Opera provide striking evidence of the proliferation of opera in the United States and Canada.

Financial market data including NYSE Most Actives, Market Sales, NYSE Index, AMEX Diary, NASDAQ Index, AMEX Most Actives, Dow Jones Bond Averages, NYSE Diary, Dow Jones Averages, Standard & Poor's Index, NASDAQ Diary, and AMEX Stock Index.

MARKET: Late Gains Push Dow Past 2,000. A large table containing detailed stock market data, including stock names, prices, and volume, with a sub-header '(Continued from Page 1)'. The table is organized into columns and rows, listing various stocks and their performance metrics.

MADISON AVENUE

New Japanese Magazines Target Working Women

By SUSAN CHIRA

TOKYO — The Japanese woman, for years portrayed as a cheerful housewife in a frilly apron, has a new image in women's magazines here: She works. This is a country in which young women are still taught that their role is, as an adage goes, to be a good wife and wise mother. But in 1984, the number of working women surpassed the number of housewives for the first time, and women now make up 40 percent of the labor force.

That reality is prompting vigorous competition in the market for magazines aimed at the working woman.

The women's magazine market here is a large one — 23.6 million copies are sold every month in a country of 121 million people. For years, these magazines have offered recipes, guides to budgeting and other household tips. One of the most popular magazines made its point in its title, Housewife's Friend.

But this spring, no fewer than four women's magazines are being introduced, all targeting what Japanese now call the "spa-ree-eh oo-man," or career woman. Two others began publication last fall.

Instead of recipes, some of the new magazines are offering articles on what to do if the boss keeps asking you out for drinks late at night.

One of the new entries, Nikkei Woman, comes from the company that publishes Nihon Keizai Shimbun, Japan's most prestigious economic daily newspaper. Nikkei Woman has surveyed working conditions for women at Japan's top 300 companies. Its inaugural issue also contained columns on economics and finance, reviews of day care centers and nursery schools, and advice on how working mothers can set up day care networks.

Teruko Inoue, a professor of sociology at Wako University in suburban Tokyo, said that traditional women's magazines have been steadily losing readers as Japanese society changes. Such magazines reached their zenith in the 1950s and 1960s, when Japan was undergoing its most rapid economic growth. Now society offers women more prosperity and new choices, she said.

SOME OF the most popular magazines focus on the lifestyles of young women who are not married, with tips on living fashionably, eating out and traveling. And except for Nikkei Woman, even the new publications that bill themselves as magazines for working women devote a great deal of space to topics that are somewhat more conventional, although suitably updated, such as preparation of quick meals.

Although change is under way, feminism in the American style is all but unknown in Japan. Few women have ascended to top corporate ranks. About 4 percent of all Japanese companies were headed by women in 1987, according to Diamond magazine, a business publication.

At most companies, the usual pattern is for women to work until they have children, then leave the company, assuming new part-time jobs only when their children are out of school. Nearly 23 percent of working women in Japan are employed part-time, and many do little more than clerical work.

Attached to Nikkei Woman's first issue was a questionnaire inviting readers to describe their jobs and daily lives. The editor, Katsura Sagiyama, said that more than 60 percent of the women who responded spoke of their frustrations in trying to hold down a job and raise a child.

Readers' reactions vary. One advertising agency employee who is pregnant with her first child said that Nikkei Woman was the first magazine that really addressed her concerns about working. But another working mother said, "I'm just too busy to read it."

Japan Exhorts Importers

Trade Minister Seeks New Targets

Compiled by Our Staff From Dispatches TOKYO — The government's top trade official urged the country's 302 largest importers Tuesday to increase their purchases of foreign goods to help pare the Japanese trade surplus.

Hajime Tamura, the minister of international trade and industry, asked the representatives of 151 leading export companies to boost imports of manufactured goods to the maximum for the 1988 fiscal year, which began April 1. Another 151 major companies, unable to attend the meeting in Tokyo, received the same request from MITI regional offices.

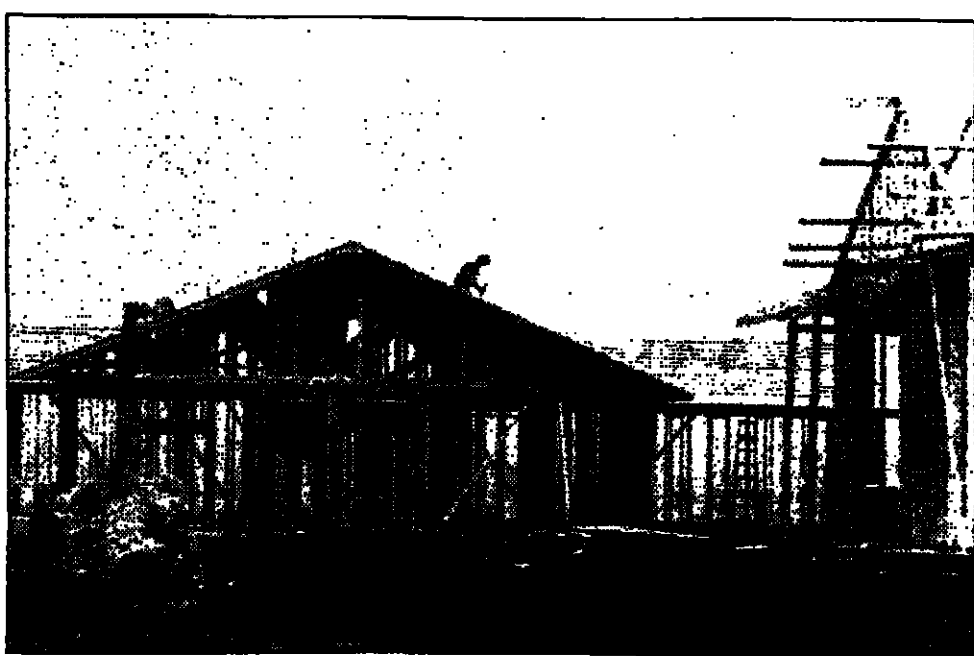
The "education campaign," as a senior official in the Ministry of International Trade and Industry described it, was said to have been prompted by fears that imports this year might not match the sharp increase recorded in 1987-88, when purchases of foreign manufactured goods by the 302 companies jumped 38 percent.

In the past, economists have suggested that such exercises were at least partly a matter of public relations. On the other hand, MITI recently issued a report forecasting only a 17 percent rise in imports this fiscal year, not enough to help cut the targeted \$11 billion off the trade surplus.

The companies addressed Tuesday by MITI imported manufactured goods in fiscal 1987 worth \$44.5 billion, or 60 percent of Japan's total imports in this category, according to Atsushi Kawashima, director of MITI's imports department. He said he hoped the companies would increase imports by another 17 percent in fiscal 1988.

Mr. Tamura called on the companies to review their import goals and to submit new targets to MITI, as well as their results for the first six months of the fiscal year.

He also encouraged them to take advantage of the yen's rise to reduce the price of imported goods, to seek new markets and pursue joint operations with foreign companies to develop products suitable for the Japanese market. (AP, AP, UPI)



The industry predicts that "starts" on single- and multi-family dwellings will fall 8 percent this year.

The U.S. Housing Sector Retrenches

Rising Mortgage Rates Have Hurt Sales, Construction

By Julia Flynn Siler

CHICAGO — Faced with higher mortgage rates, and expecting them to rise even further, the U.S. housing industry has begun to retrench.

Builders are shying away from speculative projects. Mortgage banking companies have closed offices and laid off employees. Savings and loan associations, competing fiercely for customers, are requiring smaller down payments and lower closing costs. And to encourage sales, real estate brokers have become more active in arranging mortgages for customers.

"We are seeing a market that will have to maneuver through a minefield of rising rates," said John A. Tuccillo, chief economist for the National Association of Realtors.

Lomas & Nettleton Co., a leading mortgage banker based in Dallas, has closed two-thirds of its mortgage origination offices and has laid off 29 percent of its 3,400 employees in mortgage banking, according to the company's president, James M. Wooten.

"We've simply addressed the fact that there are fewer mortgage originations, fewer housing starts and fewer home sales," he said. Construction of single-family homes in April fell 8.8 percent from a year earlier. Many analysts suggest

But Sales Rose By 4% in April

The Associated Press

WASHINGTON — Sales of new, single-family U.S. homes rose 4 percent in April to the highest level in a year, in what some analysts saw as a rush to beat a widely forecast increase in mortgage rates.

In a joint release, the departments of Commerce and of Housing and Urban Development said that new single-family homes were sold at a seasonally adjusted annual rate of 679,000 last month, up from 653,000 in March.

It was the third straight monthly rise and the highest level since new homes were sold at a rate of 728,000 in April 1987. But despite those increases, sales for the first four months of 1988 are still 9 percent below the same period of 1987, when mortgage interest rates hit nine-year lows.

Several leading economists in the housing and mortgage banking field indeed expect rates to rise. In

their consensus view, a 30-year fixed-rate mortgage will cost between 11.25 percent and 11.50 percent by year-end, compared with 10.58 percent last week. Two months ago, a 30-year fixed-rate mortgage was available for an average interest cost of 9.99 percent.

Adjustable rates, although increasing, have not risen as fast as fixed rates in recent months. Some economists suggest that a continued slowdown in the housing industry might help the economy, acting as a brake on inflation by offsetting rising demand for goods and services in other sectors.

Typically, when mortgage rates rise steeply, some potential buyers postpone taking out a mortgage.

For example, long-term mortgages with a fixed rate rose as high as 10.53 percent in January. In its survey of mortgage lending activity for that month, the Department of Housing and Urban Development found that long-term loans for one- to four-family homes had dropped nearly 36 percent, to \$21.5 billion, from \$33.4 billion in January 1987.

"We believe 30-year fixed-rate mortgages will rise to about 11.25 percent by the end of the year," said Lyle E. Gramley, chief economist for the Mortgage Bankers Association. "If they do, we're anticipating that mortgage lending

KOP of Finland, Proventus Set Bank Alliance

By Juris Kaza

International Herald Tribune

STOCKHOLM — Kansallis-Osake-Pankki, Finland's biggest commercial bank, and Proventus AB, a Swedish investment company, announced a partial merger Tuesday that ultimately could create an affiliation of banks with assets exceeding those of any single Scandinavian institution.

The accord eventually would give KOP a stake in Gotabanken, Sweden's fourth-largest bank. Analysts said the pact, the latest move in a growing expansion by Finnish companies into foreign markets, would make KOP the largest foreign bank in Sweden.

The KOP group in Finland and Gotabanken AB, the parent of Gotabanken, had combined assets in 1987 of nearly 300 billion kronor (\$50.52 billion). That exceeds the 233 billion kronor in assets of Sweden's Skandinaviska Enskilda Banken, the single largest bank in the Nordic area.

The president of Proventus, Gabriel Urwitz, called the arrangement with KOP the first step in a long-term "vision" of creating a Nordic regional bank.

The transaction includes the merger of KOP's Swedish banking subsidiary into Gotabanken. It also provides for the formation of a holding company controlled 60 percent by Proventus and 40 percent by KOP.

KOP and several affiliates will pay about 1 billion kronor for their shares in the new company, to be called Proventus Nordic AB.

Proventus said it would transfer nearly all of its shares in Gotabanken to Proventus Nordic. Proventus Nordic then will hold a 38 percent share in Gotabanken, which has interests in banking, finance, mortgage, securities trading and real estate companies.

In addition, Proventus will pay 300 million kronor to buy new shares in KOP, becoming the Finnish bank's second-largest shareholder with about 2 percent. The Swedish investment company also will buy 5 percent of Nordfinanz-Bank Zurich, KOP's Swiss subsidiary. "This takes KOP a large step

along the road towards becoming a Nordic bank, making it the only foreign bank to gain a real presence in Sweden," Reuters quoted a Swedish analyst as saying.

Under Swedish law, foreigners are not allowed to own Swedish bank shares. Reuters reported. The deal requires the approval of Swedish and Finnish authorities.

Under the agreement, Gotabanken and KOP will share each other's branch networks and a large part of their international networks excepting London, where each will continue to operate its subsidiary separately.

Skandinaviska, the Nordic region's largest bank, is part of a cooperative group called Scandinavian Banking Partners, which also includes Union Bank of Finland, Bergen Bank in Norway, and Privatbanken in Denmark.

Macmillan Inc. Splits to Deter Bass Takeover

Reuters

NEW YORK — Macmillan Inc. split itself into two companies Tuesday and announced a special dividend amounting to at least \$1.36 billion to deter a \$1.6 billion takeover offer by an investor group led by Robert M. Bass.

Macmillan's stock, which had been driven above the \$64 per share Bass was offering, was down \$1.50 to \$71 at midday on the New York Stock Exchange.

Macmillan said it was splitting into Macmillan Publishing Co., comprising its traditional publishing businesses, and Macmillan Information Co., for other activities.

Macmillan will pay a special dividend of at least \$2.35 per share. Stockholders will retain shares in Macmillan Publishing and receive stock and bonds in Macmillan Information.

Mr. Bass, a Texas investor, had no comment.

U.S. Faces Dilemma, OECD Says

By Carl Gewirtz

International Herald Tribune

PARIS — U.S. policy makers face an economic minefield in dealing with the huge U.S. trade deficit, where a misstep in reducing the trade gap too rapidly or too slowly could again shake world financial markets, according to a study published Tuesday by the major advisory agency for Western governments.

The Organization for Economic Cooperation and Development said that U.S. officials would have to tread a narrow path to avoid pushing the American economy into a recession that would pull the rest of the world into a slump and to avoid re-igniting inflation.

The annual report on the U.S. economy by the 24-member organization cited the deteriorating U.S. trade performance as one of the probable triggers for the Oct. 19 stock market collapse, in which the Dow Jones industrial average plunged 508 points and a global drop in share values followed.

The thrust of the report is that U.S. policy makers need to take a steady-as-you-go approach, not only in reducing the country's deficit on its current account — the widest measure of trade — but in cutting the federal budget deficit.

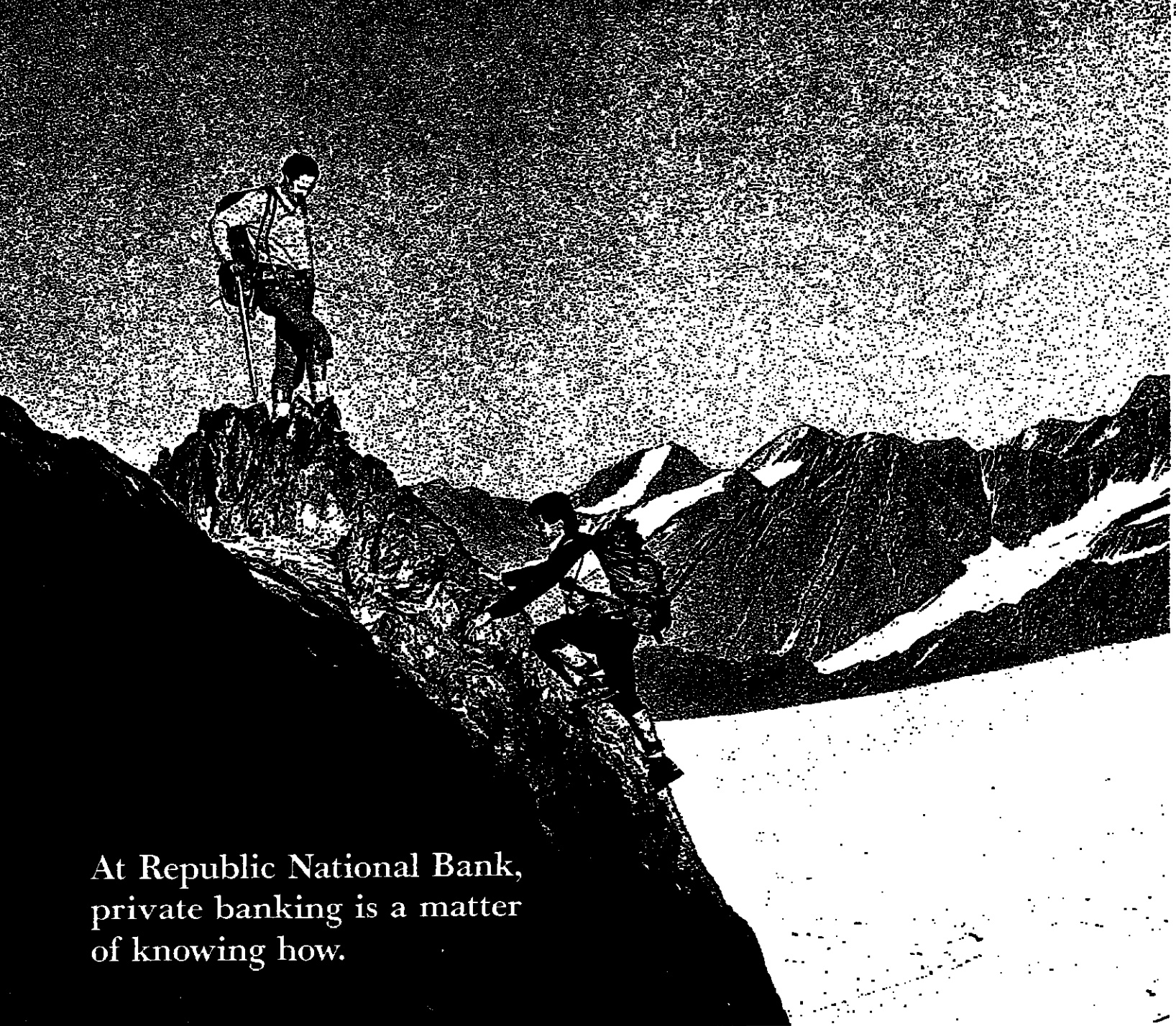
The current account, which measures merchandise trade, services and some financial transfers, has shown surprisingly little response to the 50 percent depreciation of the dollar from its 1985 highs. The OECD secretariat warns that "correcting the external deficit is likely to remain gradual and persistent." What policy makers need is "more time for a medium-term solution to the problem of imbalances."

The OECD projects that the current-account deficit, which hit \$160.7 billion last year, will decline to about \$130 billion by 1989 and then will stabilize at that level unless additional measures are taken to reduce it. Economists generally have noted that steps to reduce U.S. imports, such as higher interest rates, could induce a recession.

The OECD said that a recession "could be exacerbated by certain vulnerabilities in the financial system" — the high debt levels of both households and business and the strained banking system already sitting on huge amounts of bad debt — while inflation could trigger "financial market turbulence, seriously complicating the task of the monetary authorities."

The OECD cautioned the Americans against trying to reduce the international deficit by allowing the dollar to depreciate further. "A further significant dollar de-

See OECD, Page 17



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Currency Rates

Table with columns for Currency, Bid, Ask, and other rates. Includes sub-sections for Cross Rates and Other Dollar Values.

Interest Rates

Table with columns for Currency, Rate, and other interest rate data.

Key Money Rates

Table with columns for Country, Rate, and other money rate data.

Asian Dollar Deposits

Table with columns for Term, Rate, and other Asian dollar deposit data.

U.S. Money Market Funds

Table with columns for Fund Name, Assets, and other U.S. money market fund data.

Gold

Table with columns for Location, Price, and other gold market data.

U.S. Futures

Via The Associated Press

May 31

Open High Low Close Chg.

Grains

Wheat (CBOT) 1987-88

Wheat (CBOT) 1988-89

Wheat (CBOT) 1989-90

Wheat (CBOT) 1990-91

Wheat (CBOT) 1991-92

Wheat (CBOT) 1992-93

Wheat (CBOT) 1993-94

Wheat (CBOT) 1994-95

Wheat (CBOT) 1995-96

Wheat (CBOT) 1996-97

Wheat (CBOT) 1997-98

Wheat (CBOT) 1998-99

Wheat (CBOT) 1999-00

Wheat (CBOT) 2000-01

Wheat (CBOT) 2001-02

Wheat (CBOT) 2002-03

Wheat (CBOT) 2003-04

Wheat (CBOT) 2004-05

Wheat (CBOT) 2005-06

Wheat (CBOT) 2006-07

Wheat (CBOT) 2007-08

Wheat (CBOT) 2008-09

Wheat (CBOT) 2009-10

Wheat (CBOT) 2010-11

Wheat (CBOT) 2011-12

Wheat (CBOT) 2012-13

Wheat (CBOT) 2013-14

Wheat (CBOT) 2014-15

Wheat (CBOT) 2015-16

Wheat (CBOT) 2016-17

Wheat (CBOT) 2017-18

Wheat (CBOT) 2018-19

Wheat (CBOT) 2019-20

Wheat (CBOT) 2020-21

Wheat (CBOT) 2021-22

Wheat (CBOT) 2022-23

Wheat (CBOT) 2023-24

Wheat (CBOT) 2024-25

Wheat (CBOT) 2025-26

Wheat (CBOT) 2026-27

Wheat (CBOT) 2027-28

Wheat (CBOT) 2028-29

Wheat (CBOT) 2029-30

Wheat (CBOT) 2030-31

Wheat (CBOT) 2031-32

Wheat (CBOT) 2032-33

Wheat (CBOT) 2033-34

Wheat (CBOT) 2034-35

Wheat (CBOT) 2035-36

Wheat (CBOT) 2036-37

Wheat (CBOT) 2037-38

Wheat (CBOT) 2038-39

Wheat (CBOT) 2039-40

Wheat (CBOT) 2040-41

Wheat (CBOT) 2041-42

Wheat (CBOT) 2042-43

Wheat (CBOT) 2043-44

Wheat (CBOT) 2044-45

Wheat (CBOT) 2045-46

Financial

May 31

Open High Low Close Chg.

Stocks

Dow Jones

S&P 500

Nikkei 225

Hong Kong

Singapore

London

Paris

Tokyo

Sydney

Hong Kong

Singapore

London

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Sydney

Hong Kong

Singapore

London

Financial

May 31

Open High Low Close Chg.

Commodities

Crude Oil

Gold

Silver

Copper

Aluminum

Zinc

Nickel

Lead

Iron Ore

Wheat

Corn

Soybeans

Wheat

Corn

Soybeans

Wheat

Corn

Soybeans

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Holmes à Court to Resign Bell Post

PERTH, Australia — Robert Holmes à Court confirmed speculation Tuesday that he would resign as chairman of Bell Resources Ltd.

The financier told shareholders at the company's annual meeting that Bell has lost its direction since the October stock market collapse and the subsequent failure of an effort to acquire Broken Hill Pty., Australia's largest company.

He said he would withdraw from the "tum and complexity of public corporate life" once Bell was set on a new course that, he said, might take it into liquidation.

The company's stock rose Tuesday to 1.83 Australian dollars (\$1.48), up 11 cents, in trading on the Sydney Stock Exchange.

Bell Resources embarked on a program to sell 5 billion dollars of assets after the October collapse, including most of its 30 percent stake in BHP and 10 percent of Texaco Inc. of the United States.

In February, Mr. Holmes à Court sold back to BHP 20 percent of its stock for 2.1 billion Australian dollars, leaving Bell with BHP shares worth about 1 billion dollars. The purchased shares are being retired, and Bell will end up with about 12 percent of BHP.

Mr. Holmes à Court's hopes of restructuring his indebted empire by merging Bell Resources and its parent, Bell Group Ltd., were thwarted by a takeover bid in March of \$2.7 billion dollars by Ron Brierley, a financier from New Zealand, and Kerry Packer, an Australian entrepreneur.

In April, Mr. Holmes à Court sold 39.8 percent of Bell Group to Alan Bond, another Australian entrepreneur, and the Western Australian State Government Insurance Commission. At the time,

analysts said they expected Mr. Holmes à Court to step down. He has, however, retained a 3.2 percent stake in Bell Resources through Heytsbury Securities Pty., his family company.

Mr. Holmes à Court said the October collapse damaged Bell's investments. But he said more harm was done by Merrill Lynch & Co., the U.S. financial services house, which withdrew a few days later from underwriting a \$1 billion convertible note issue in Europe to raise capital for his company.

"The crash was not an event for this company. The event was the withdrawal of Merrill Lynch," Mr. Holmes à Court said. He added that the two companies were still in dispute over the withdrawal.

Mr. Holmes à Court told shareholders that Bell had one of the strongest balance sheets among Australian companies.

520 people in aviation history's worst single-plane accident. Domestic revenue climbed 19.6 percent to 207.5 billion yen in the latest year, and international revenue rose 5.9 percent to 64.2 billion. International travel contributed more than 70 percent of revenue, rising 13 percent to a record 6,978,798 passengers.

JAL forecast a drop in profit to 22 billion yen and a slight rise in sales to 894.30 billion this year. "Passenger traffic for both domestic and international flights seems to have peaked out," the spokesman said.

For All Nippon Airways, international traffic rose 25.2 percent and domestic by 10.4 percent. With a strong domestic base, it has put more emphasis on international routes, increasing flights to Los Angeles and Washington and starting routes to New York, Hong Kong, and Australia.

The airline, which was fully privatized in December, began posting losses after one of its jets crashed in central Japan in August 1985, killing

71 people. The crash was the deadliest in aviation history's worst single-plane accident. Domestic revenue climbed 19.6 percent to 207.5 billion yen in the latest year, and international revenue rose 5.9 percent to 64.2 billion. International travel contributed more than 70 percent of revenue, rising 13 percent to a record 6,978,798 passengers.

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Sony Unveils Video Walkman

Costing \$1,000

TOKYO — Sony Corp. unveiled Tuesday the video Walkman, a combination video recorder and television about the size of a fat paperback book that will sell for about \$1,000.

The GV-5, as it is designated, is equipped with a 76.5-millimeter (three-inch) liquid crystal display, or LCD, screen and an eight-millimeter videotape recorder that Sony is trying to establish as the standard mini-videocassette format.

Sony, one of the world's most innovative electronics companies, introduced the Walkman, the first of the portable cassette players, in 1979. In March, Sony introduced the 400-gram (14-ounce) D-88, the first portable player of compact disc singles.

On Tuesday, it also introduced an eight-millimeter video camera recorder, an extended definition Beta-format videocassette recorder, and its first VHS-format Hi-Fi video decks for Japanese home use.

The 1.1 kilogram (2.4 pound) GV-5 is to go on sale Aug. 21 in Japan at a price of 128,000 yen, and in the United States and Canada by year-end. He said that overseas prices had not been set.

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The 1.1 kilogram (2.4 pound) GV-5 is to go on sale Aug. 21 in Japan at a price of 128,000 yen, and in

Dollar Firms on U.S. Rate Outlook

NEW YORK — The dollar ended higher Tuesday in New York and Europe, although off its best levels, as the market reacted favorably to the tighter money policy recently adopted by the Federal Reserve.

London Dollar Rates

Table with columns: Currency, Rate, % Change. Includes Deutsche mark, French franc, Japanese yen, Swiss franc, and French franc.

125.05 yen from 124.85, to 5.8195 French francs from 5.7750 and to 1.4435 Swiss francs from 1.4350.

It also climbed against the British pound, which ended at \$1.8353 from \$1.8563 Friday. The market was closed Monday for the Memorial Day holiday.

OECD: U.S. Must Tread Carefully in Reducing Trade Gap, Agency Says

(Continued from first finance page) fluctuations in the trade figures. If these were to be less favorable than expected, downward pressure on the exchange rate could re-emerge.

Over the short-term, the secretary expects a higher level of consumer saving and a stabilized federal budget deficit to allow a continued improvement in the international deficit and less pressure on the dollar.

Tokyo Forex Brokers See 20% Drop in Fee Income

TOKYO — Fee income for currency brokers in Tokyo is likely to fall 20 percent in the financial year ending in March 1989 if trading remains calm and volume continues to fall, an official of the Tokyo Forex and Money Brokers Association said Tuesday.

Bonn Policy Appears Steady

FRANKFURT — The Bundesbank's offer of new 35-day funds at an unchanged 3.25 percent has allayed fears in the West German money market and elsewhere that credit policy might be tightened.

Rise Seen in Short-Term U.S. Rates

By Kenneth N. Gilpin New York Times Service

NEW YORK — Short-term U.S. interest rates have reached their highest levels since just before the October stock market collapse and could well move higher this week, according to credit market participants.

On Friday, the Fed indicated to traders that 7.5 percent could well be the level where it wants the funds rate to trade. At midday, with funds trading at slightly above that level, the central bank entered the market and added reserves to the banking system.

At the end of last week, yields on the two-year Treasury notes stood at 8.22 percent, compared with yields on the Treasury's 30-year bond of 9.32 percent.

Tuesday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, terms of the 1980 most traded securities in terms of dollar volume.

Table of OTC prices for various stocks including A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table of stock prices for various companies including A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

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SPORTS

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Martin Blows Up As Yankees Lose To Oakland, 3-2

Compiled by Our Staff From Dispatches - OAKLAND, California — Hot-tempered and long, the night at the Oakland Coliseum ended after 4 1/2 hours and 14 innings as the Oakland Athletics on Dave Henderson's homer finally overcame the New York Yankees, 3-2.

But long before Henderson's blast off Steve Shields made a winner out of Dennis Eckersley, Yankees manager Billy Martin was ejected from Monday's game.

Before leaving the field, Martin threw dirt at umpire Dale Scott.

Martin had questioned Scott's trap ruling on a line drive by Oakland's Walt Weiss in the third inning, a ball that video replays showed was apparently caught by second baseman Bobby Meacham.

Martin faces a possible suspension after throwing dirt at Scott. It was Oakland's sixth straight victory over New York.

"If the Yankees still think they're a better ballclub," said Dave Henderson, "then I think we were a better ballclub tonight."

Each bullpen allowed only one hit over the last five innings, but the A's made their hit count.

"The bullpen is one of our pluses," said the A's manager, Tony La Russa. "We have five guys that any manager in the league would want to go to."

A report on Martin's flare-up will be filed by the umpires and a decision on a suspension will be made by American League President Bobby Brown.

In 1981 when he was managing Oakland, Martin was suspended for three days after throwing dirt on umpire Terry Cooney's shoes during a game at Toronto.

Dave Winfield's leadoff homer in the fifth gave the Yankees a 1-0 lead, and tied him with Oakland's Jose Canseco and Minnesota's Kent Hrbek for the AL lead at 12.

The A's tied it 1-1 in the sixth on Ron Hassey's two-out RBI single, but the Yankees went up 2-1 in the seventh on Henderson's bases-loaded RBI ground out against A's starter Bob Welch, who pitched nine innings before giving way to four A's relievers.

The A's sent the game into extra innings by scoring an eighth-inning run off reliever Dave Righetti. Canseco singled and scored when Dave Parker's single glanced off left fielder Henderson's glove for an error.

Brewers 4, Blue Jays 1: In Toronto, Ted Higuera yielded six hits striking out seven in seven innings and B.J. Surhoff went 4 for 3 and drove in the go-ahead run to give Milwaukee the win over Toronto.

Higuera, 4-3, walked one in winning his first decision since May 3. Chuck Crim pitched one hitless inning. Dan Plesac hurled the ninth for his 11th save. Toronto starter Jim Clancy, 2-6, lasted 6 1/3 innings.

Red Sox 5, Angels 2: In Anaheim, California, Dwight Evans hit a two-run homer and a sacrifice fly and Roger Clemens pitched a six-hitter, helping Boston snap a three-game losing streak with a victory over California.

In completing his seventh game in 12 starts, Clemens, 8-2, walked one and struck out nine to increase his major-league strikeout lead to 116 in 104 innings. The right-hander leads the American League with a 1.82 earned run average.

Mariners 4, Orioles 1: In Seattle, Mark Langston scattered five hits over eight innings to lead Seattle to victory over Baltimore.

Langston walked three and struck out eight. Mike Moore moved to the bullpen with a 2-6 record, got one out in his first relief appearance since 1986.

Baltimore starter Jay Tibbs retired the first 12 batters he faced before yielding a leadoff single to Ken Phelps in the fifth. Mickey Brantley extended his hitting streak to 13 games with a single that moved Phelps to second.

Mets 3, Dodgers 2: In the National League, in New York, Ron Darling allowed six hits in 8 1/2 innings to lead the New York Mets over Los Angeles after the game had been held up by rain.

The Mets, who swept a three-game series in Los Angeles last weekend, ended Dodger pitcher Tim Lincecum's shutout streak at 21 innings. Dave Magadan, the first batter after a 34-minute rain delay in the third, batted in a run with a single and then scored on Darryl Strawberry's double.

Darling struck out nine and walked two. He has made 11 starts and gone at least seven innings in each.

After John Shelby hit his second homer of the year with two outs in the ninth, Randy Myers relieved and got pinch-hitter Mickey Hatcher to fly out, earning Myers his eighth save.

Leary had shut out Montreal and Philadelphia in his two previous outings.



Yankee manager Billy Martin remonstrating before his ejection.

Pedro Guerrero, making his first appearance at Shea Stadium since a suspension for throwing his bat at Mets pitcher David Cone, constantly was booed by the crowd.

Expos 3, Giants 2: In Montreal, Tim Lincecum hit a two-run, two-out single off Altee Hammarik in the ninth to send San Francisco to its fourth straight loss.

Andres Galarraga opened the ninth with a single off Scott Garrels, 1-3. Nelson Santovena doubled an out later and pinch-hitter Graig Nettles was intentionally walked. Hammarik relieved and struck out pinch-hitter Wallace Johnson before Raines singled.

Astros 5, Cardinals 4: In Houston, Glenn Davis of the Astros broke a tie with an eighth-inning homer and Jim Deshaies allowed five hits in eight innings.

Davis hit his 11th homer of the season in the eighth inning off reliever Scott Terry, 2-3. Deshaies won his third straight. Dave Smith pitched a perfect ninth for his 10th save.

Phillies 7, Padres 3: In Philadelphia, Juan Samuel had three hits and drove in three runs and the Phillies rallied for four runs in the sixth inning to beat San Diego.

With the Padres leading 3-1, Milt Thompson led off the sixth with a walk and Steve Jeltz beat out an infield single. Shane Rawley, 4-5, moved the runners up with a sacrifice and Samuel tied the score with a double off Ed Whitson, 3-5.

Von Hayes then doubled to score Samuel and give Philadelphia a 4-3 lead. Hayes stole third and scored on Lance Parrish's sacrifice fly off reliever Greg Booker. (UPI, AP)

Night Halts Play After Lendl And McEnroe Split Tie Breaks

Sabatini to Face Graf in Semi And Chesnokov Topples Cash

By Robin Herman New York Times Service

PARIS — Rain continued to disrupt the French Open on Tuesday, but spectators huddled under umbrellas with darkness closing in to watch Ivan Lendl and John McEnroe split the first two sets of their much-anticipated encounter.

Play was halted in the third set because of darkness with Lendl leading 4-2. McEnroe complained shortly before the match was suspended that the players needed tennis balls that "glow in the dark."

With intermittent showers, only four matches — three women's and one men's — were completed Tuesday including a controversial quarterfinal victory by fourth-seeded Gabriela Sabatini of Argentina over Helen Klesi of Canada that was turned on a linesman's reversal.

Sabatini, who beat Klesi 4-6, 6-1, 6-3 will play top-seeded Steffi Graf in the semifinals.

In the one men's match that was finished, Andrei Chesnokov of the Soviet Union upset No. 4 seed Pat Cash of Australia in their fourth-round match 2-6, 6-2, 6-4, 6-3.

After a strong start, Cash began to make errors, as the patient Chesnokov kept returning shots from the baseline. The Russian will play in the quarterfinals against No. 11 Henri Leconte of France.

In the other women's matches, Nicole Pietrangeli of Australia defeated Arantxa Sanchez de Spain in three sets and will face the Soviet Union's Natalia Zvereva in the semifinal. Zvereva beat sixth-seeded Helena Sukova of Czechoslovakia in straight sets, 6-2, 6-3.

McEnroe and Lendl began their match in the late afternoon, playing two games in drenching rain on the slick clay court, but then McEnroe strode to the chair umpire and declared: "I'm not going to play on a court like this. I don't see any reason to play. Have you ever played before in these conditions?" Within a few minutes play was called off.

An hour and a half later the rain ended and the match resumed. McEnroe was serving and moving terrifically and took top-ranked Lendl to the breaker in the first set, which McEnroe dominated, 7-3.

The second set saw a two-way battle between the two players that was a physical and mental struggle. This time Lendl won 7-3 with two line calls in dispute that favored Lendl.

Sabatini defeated Klesi in the continuation of a match that was halted Monday in the rain. Tuesday's contest was effectively decided by a line call that Sabatini persuaded the officials into changing. Ordinarily popular, the Argentine exited the court to the boos and whistles of the crowd.

In the final game, a point announced at first two sets of their much-anticipated encounter was instead awarded to Sabatini after the Argentine circled a mark in the clay outside the baseline and insisted that a linesman inspect it. He then decided the Klesi shot had been out.

Although play had continued for two shots after the disputed shot, the chair umpire still gave Sabatini the ad, a match point. As rain began to fall again, the Argentine put away the ball — her opponent playing with angry tears in her eyes.

Klesi later asserted she was "cheated" out of the disputed point and indeed the rules of the game do not allow an umpire to reverse a call if play has continued past the shot in question, according to Georgina Clark, the Women's International Tennis Association supervisor at Roland Garros.

The decisive game and controversy came as Klesi was playing very strongly, driving Sabatini to the back court and winning several points with a blistering forehand to Sabatini's backhand corner. After a long rally at deuce Klesi put away the point with a winning shot to the back corner. The chair umpire called the score, "Advantage Klesi." Sabatini then claimed that the ball before the winner was out.

The only full singles match played was the victory by Pietrangeli over Sanchez, 7-5, 3-6, 6-4. Between the first and second sets there was an hour and a half rain delay. Provis, a tall girl with bouffant ground strokes, needed five match points before she could shake Sanchez, and that winner came on a netcord.

Provis will play Zvereva, who earlier in the tournament upset Martina Navratilova of the United States. Graf will finally meet a player of her caliber in Sabatini who has been her doubles partner for two and a half years. Graf has lost only 11 games in five rounds of this French Open. Although she had beaten Sabatini in 11 consecutive meetings, Graf lost their last two matches this year.

Sabatini said this was because "my physical condition has improved very much and I've improved mentally very much. I've learned to play each point, just what about each point."

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Helen Klesi of Canada near tears after losing a disputed call Tuesday in her match against Gabriela Sabatini of Argentina.

British Soccer Officials Protest Players' Arrest

The Associated Press

LONDON — Britain's senior sports official, Colin Moylan, flew to Athens Tuesday for a meeting of European sports ministers as British soccer authorities were faced with more outbreaks of soccer hooliganism — allegedly by players.

As Moylan left for Greece, officials of an English Third Division team claimed the arrests of 17 of its players in Mannheim, West Germany was a case of mistaken identity.

Denis Dumford, chairman of the Bristol Rovers, said his youth team had been wrongly accused of dam-

aging traffic signs, uprooting flowers and ripping down advertising boards outside a discotheque on Sunday night.

West German police detained the team overnight and ordered them flown back to Britain Monday.

"I have spoken to the team manager, and it was all a case of mistaken identity," Dumford said Tuesday.

He added: "It is doubtful if we will ever entertain going to Germany again after this. It seems to me they are just harassing English people connected with football."

As the arrests made headlines throughout Britain, Bristol Rovers secretary Bob Twyford assailed the treatment of the players by the West German police.

"The general feeling is that they were badly treated," he said. "They were detained for seven hours and put in cells and no information was given by the police. They produced no proof that the lads had been involved in vandalism."

Twyford said the players "deny categorically" that they were involved in any violence.

According to the domestic British news agency, Press Association, West German police said they had witnesses to the incident and were insisting that the team members, aged 17 and 18, together with two German friends, were responsible for the wrecking spree.

Before leaving for Athens, Moylan expressed his concern about the Mannheim trouble.

A spokesman for the British sports minister said the European soccer body, UEFA, "will no doubt be hearing about this latest incident. And it certainly will not help those English clubs wishing to compete in Europe again."

English clubs have been barred from European competition since the 1985 Heysel Stadium tragedy in Brussels at which 39 spectators died after a stampede by Liverpool supporters.

Given the Touch of the Latins, Europeans Are a Bore

International Herald Tribune

LONDON — The cultural divide between Latin and European soccer is still, thank goodness, as wide as the ocean.

At Wembley a week ago Colombians displayed the rhythmic passing and seemingly nonchalant ball control by which Central and South Americans stretch the imagination.

In Stuttgart 24 hours later PSV Eindhoven and Benfica put on a sterile European Cup Final. The Portuguese had four Brazilians on their team, but those Latin players are covered by an alien consciousness.

If PSV and Benfica did not actually breathe chloroform, their lack of adventure dulled the millions who watched. The Dutch took Europe's top prize without winning one of their last five games, without losing, without daring. With cold, crude calculation, Eindhoven simply waited for Benfica to miss in the penalty shoot-out.

Sport? Not as I know it. Colombia is another matter. Its desperately lazy style is personified in two exotic characters — playmaker Carlos Valderrama and goalie Rene Higuita.

Valderrama's reputation preceded the Colombian tour. As South America's player of the year, ahead of Diego Maradona, he will inevitably migrate to Europe. Montpellier of France has bid over \$4 million for him.

The 26-year-old Valderrama likes to be the architect of all around him. He is the apex of Colombia's triangular passing. One, two, three, the ball is rolled here and there, bewitching, teasing, pulling opponents out of joint. Inside of foot, outside, backheel the passes come and go.

ROB HUGHES

Everything resembles Brazil, even to the yellow shirts, except the explosion of a Brazilian finish. Neither Valderrama nor any colleague seem to care overmuch about scoring; perhaps they are too mesmerized by their own command of the ball to want to part with it.

Not that Colombians are all sweethearts. Jetlagged and shivering in the Glasgow night air, Leonel Alvarez unmercifully hacked away at Scotland's Mo Johnston. You cannot blame Valderrama for that, but the superstar's own venom so willfully wounded Roy Aitken that Valderrama was lucky to get a yellow instead of a red card.

Yet despite those incidents, we should thrill to Colombia's touch and laugh aloud at antics of a funny, but gifted individual.

Not Valderrama; he's strange but not comical. Not his midfield accomplice Bernardo Redin whose technique is faultless.

The fun guy is Higuita, a goalie obviously in love with his job, a showman beneath his floppy black dreadlocks.

His torso also flips and flops like the Michelin rubber man. He moves like lightning, as at Wembley when a curling John Barnes free-kick was plucked by the flying Higuita.

It was not a fluke. Higuita parried a shot from Steve McMahon with similar late agility.

Being a human springboard barely sustains him. Half a dozen times Higuita sprinted 30 or 40 yards (meters) to head the ball, dribble or flick it.

"He does that," said a television commentator, "because he was once an outfielder." Nonsense. He does it to catch the eye, to cheekily best outfielders at their game.

He laughs while he's doing it. But this is no fool's clown: Colombia drew 0-0 in Scotland, won 3-1 against Finland in Helsinki, and drew 1-1 at Wembley.

England's goal was close to genius. Gary Lineker, who never pretends to be anything but a goal thief, netted his 25th goal in 27 full internationals out of this air.

Though comparatively, Lineker rose while the Colombian defense hesitated. From 12 yards he swived in midair to direct a glancing header in off the far post.

And while England led from the 23rd minute to the 62d, the team's former manager Ron Greenwood commented: "The Colombians are making us chase the ball. It's a delight to watch, but over-intricate. If they could finish, they'd be a devastating side, but we've got the finisher haven't we?"

Dangerous presumption. When Colombia's rhythm reached its crescendo and, from a high, swinging corner kick Andres Escobar flicked his head at the ball, and looped it over Peter Shilton into the net off the crossbar.

Touché! Escobar had been one defender standing admiring the header by Lineker, and the Colombian coach did say this was a learning trip for his young team.

Europeans learned a little, too, and learning Colombian style is fun. The pity will be if Valderrama & Co. come to where the big money is, become contaminated by the safety first neurosis of the European game (I should say business), and lose their joyous abandon.

Rob Hughes is on the staff of the Sunday Times

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Tennis and Golf results. Tennis: French Open Results, Men's Singles, Women's Singles. Golf: PGA Leaders.

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OBSERVER

Soft on Communism

By Russell Baker
NEW YORK — Nixon in China. Reagan in Moscow. Why is it that to improve relations with Communists we have to have conservative Red-baiters in the White House?

Well, for one thing, because having them in the White House gets them off the street, so to speak. President Nixon could never have got away with the China thing while that tireless and venomous Red-hunter, Richard Nixon, was roaming the landscape ready to savage anyone who favored a sane policy on China.

By getting himself into the White House, Nixon eliminated the most dangerous opponent a president would have to confront in shaping a sensible policy toward China: namely, Richard Nixon.

For 20 years Non-President Nixon's campaigns against softies gave Democrats their worst nightmares. Only by getting him out of the opposition could a president start dealing with China as a real place.

Same for President Reagan. Nobody else could have got away with his recent attempts to reach accommodation with the Russians, not so long as Ronald Reagan, the Republicans' blue-ribbon Red-baiter, was on the loose.

Remember the 1976 Republican Convention, whose heart belonged to Reagan, though it grudgingly nominated President Ford? "Detente" with the Soviet Union was its great nightmare.

This hated "detente" was another foreign-policy innovation of the reformed Red-hunter Nixon. Out of respect perhaps for the great hunts of Nixon's youth, the convention chose to blame "detente" on Henry Kissinger, whose old Rockefeller connections made him a delightful target for abuse by right-wingers.

Reagan has eliminated the dangerous opposition of that old charismatic anti-Communist Ronald Reagan by getting him off the street and into the White House. This week in Moscow, at the very heart of the Evil Empire, he will be advancing his already well-established policy of — let the vile word be uttered — "detente."

With no Ronald Reagan to rally the troops of Right-Wingedness against the president, they have

had to fall back on Senator Jesse Helms of North Carolina. That is like sending Peck's Bad Boy to fill the shoes of Savaorola. It is a measure of how hard it is in the times on which the old Red-baiting division of the Republican Party has fallen.

Republicans of more subtle mind have another explanation for why their anti-Communist tough guys get agreements out of the Reds. The ferocity of their anti-Communism, goes the argument, makes Communists realize they had better come along peacefully and negotiate like sensible world citizens, because there is no hope they can gull, charm or bamboozle these Republican tough guys into falling into their devilish Red traps.

In other words, tough guys do understand each other, so can do mutually useful business despite philosophical disagreements. This line proceeds to justify Reagan's huge Pentagon budget as persuasive evidence for the Russians that they were not going to beat us in the arms race. In fact, however, had better negotiate to stop it.

Whatever the reason, the Communist giants seem to prefer doing business with Republicans rather than Democrats. The irony here is that the Republicans have for decades kept the Democrats in terror of being called "soft on communism," despite a long history in which the Republicans have tended toward accommodation and Democrats toward confrontation.

It was the Democrats, after all, who under Truman, Acheson, Harlan and company created the strategy for waging the Cold War, and it was this strategy that took us into the Korean War and later into Vietnam. The Republicans, by contrast, under Eisenhower and Dulles backed off their tough line about "liberating" Eastern Europe when the Red Army moved in to put down revolts in Warsaw and Budapest.

Despite the Republican Party's 40-year lock on superpatrician, anti-Communist blather, history suggests that Communists prefer doing business with the GOP, perhaps because they seem to get little bit war or the threat of war when Democrats govern. Is it the Republicans who are soft on communism? Or are the Communists soft on Republicanism?

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With no Ronald Reagan to rally the troops of Right-Wingedness against the president, they have

Natan Sharansky: The Snares of Freedom

By Glenn Frankel
Washington Post Service

JERUSALEM — Freedom has its own set of chains and extracts its own price. So it is with Natan Sharansky, who has found that in some ways he is a freer, simpler man in the purifying silence of a Soviet isolation cell than he is in the loud, turbulent, entangling world of the West.

"In the punishment cell I was inwardly a free man," writes the former Soviet prisoner of conscience in his autobiography. "Every day brought only one choice: good or evil, white or black, saying yes or no to the KGB. . . . And now, lost in thousands of mundanes choices, I suddenly realize that there's no time to reflect on the bigger questions. How to enjoy the vivid colors of freedom without losing the existential depth I felt in prison?"

It has been more than two years since that frozen February morning when Sharansky, as part of an East-West prisoner exchange, literally leaped across the Berlin border after nine years behind bars. It has been a dizzying swirl of dreams come true — he has been reunited with his wife and his family, fathered his first child and established a life in Israel, the Jewish homeland that he dreamed of living in during two decades of stubborn struggle against the power of the Soviet empire.

And now another struggle has ended. "Fear No Evil," Sharansky's much-awaited book, which reportedly brought him a high-six-figure advance, is about to be published.

Yet despite all this apparent good fortune, Sharansky's struggle to come to terms with the rewards, snares and complications of Western-style freedom persists. The compromises, the lack of privacy, the constant demands on his time, the intense infighting that hampers the cause of Soviet Jewry, the sometimes fractious politics of Israel — all have contributed to the education of this reluctant hero. So have the lingering questions over the ambivalent attitude of this champion of human rights toward the Palestinians of his troubled new homeland.

The book too has been a lesson in the uneasy relationship between commerce and idealism. There were cuts and compromises



Natan Sharansky with his 18-month-old daughter, Rachel.

that reduced the finished manuscript to slightly more than half its original 1,000-page length. They make the book easier to read and more accessible to a larger audience, and Sharansky promises himself satisfied with the result. But at the same time, he fears important names and information may have been lost.

In all, he says, sitting on the balcony of his modest but comfortable Jerusalem apartment on a recent evening as his 18-month-old daughter bounces on his lap and the sky turns dusky blue, he loves the sounds and smells and colors of his freedom. "It is as passionate as life, as interesting as life, and it's life itself, full of love, full of hatred, full of problems which have to be faced."

But it is also distracting. He fears he is losing the clear focus and the commitment that burned inside of him when he sat shivering on a hard wooden bench in

West Berlin with a slight leap that broke the string holding up his pants. Later that same day, entering the room in Frankfurt where after 12 years of forced separation his wife Avital awaited him, his first words to her were "Sorry I'm late."

For a decade Avital Sharansky doggedly paraded through American cities and the capitals of Europe, seeking audiences with presidents, prime ministers and anyone else who could help spring her husband from his prison cell. It was a painful ordeal for an essentially shy person who had fallen in love with Sharansky in part because he had the eloquence and self-assurance she herself felt she lacked.

After Sharansky's release, Avital vanished from public view. These days she is wife and mother, guardian of the house and of whatever privacy she can preserve.

The book begins on that late afternoon in March 1977 when KGB agents, as part of their attempt to crush the Soviet Jewish dissident movement seized Sharansky, outside an apartment on Gorky Street in downtown Moscow. It recounts his nine-year odyssey through the Soviet legal system, the 16 months of interrogation and isolation, the secret trial on trumped-up charges of treason and spying for the CIA, the conviction, the shuffling from Lefortovo Prison to Vladimir, Chistopol and Perm Camp 35 and back again. It also recounts the more than 400 days he spent in isolation cells and the more than 200 days on hunger strikes.

Each step of the way Sharansky fought his KGB captors with a mental, spiritual and physical ferocity that at times seemed almost suicidal. He says he knew from the start that had he ever given in, decided to cooperate on even the smallest matter, he would have been lost forever. He worked from one principle: "Nothing they do can humiliate me. I alone can humiliate myself."

Sharansky says the book, which has already been translated into nine languages, is designed primarily to help Westerners understand the essential nature of the empire they face as they size up the motives and intentions of the Soviet leader, Mikhail Gorbachev. To Sharansky, Gorbachev

poses both a great opportunity and a great danger: If the West mistakes him for a champion of human rights and embraces him too warmly, it will get nothing. But if it sees Gorbachev for what he is, a loyal Communist, it will be a hard-eyed realist who understands just how serious and deep his country's problems are. It can extract many concessions while helping the Soviet Union move slowly in a positive direction.

In the Soviet Union, Natan Sharansky was a unifying figure who bridged the gap between Jewish dissidents and other human rights activists. His Jewish identity and his Zionism were his anchor, but his message and struggle were universal ones.

In Israel, it is not so simple. While his credentials as a spokesman for Soviet Jewry are unassailable, he does not cross over into the mainstream of human rights issues with the same ease. Part of it is by choice: Sharansky says he has concentrated on Soviet Jewry in order not to have his enormous influence sapped by too many causes.

But there is another important reason. For Sharansky to become a human rights leader beyond his own important but narrow cause, critics contend, he must first deal with the human rights question in Israel's own closet — the Palestinians.

It is an issue he generally has sought to sidestep, but one that inevitably has trapped him. When Palestinians discuss their grievances, they inevitably invoke his name and his story, drawing painful parallels between the treatment he received in Russia and the way Palestinian activists are treated on the occupied West Bank.

Sharansky himself senses the trap. "It is very difficult for me to speak out about this problem," he says. "The moment I open my mouth, everyone expects me to draw parallels between the Soviet Union and Israel, and this is something which I have to immediately reject."

Friends tell Sharansky he should try to forget the nightmare of prison, eradicate it from his memory like a bad dream. This he insists he can never do. "To lose it would be a terrible pity," he says. "The idea is to remember about it, and to use it — but with a smile."

PEOPLE

Joan Sutherland Scores Another Triumph at 61

It was 29 years ago that Joan Sutherland became an international star at London's Royal Opera singing the title role of Donizetti's "Lucia di Lammermoor." Monday she returned in triumph to the same stage in the same opera as "Anna Bolena." After receiving a standing ovation and announcing that she was "dated," 61-year-old coloratura soprano swept out of the stage door and nearly an hour, signing programs thrust through the window by "I think she's very pleased with herself over this performance," said Chester Carone, who for 23 years has looked after the Australian singer and her husband Richard Boynag, the opera's conductor. "I've idolized Dame Joan since first started to sing," said John Aler, the American tenor who was the role of Lord Richard Park.

Paul Newman got an honorary doctorate of humane letters from Yale University and offered some advice to graduates about the importance of uncertainty. "Just to keep yourself off balance. You know what you're doing the day and you'll be all right," Newman said after Yale's 257th commencement. "In the midst of a mandating career you dedicate large portions of your great gift to the service of others," Yale president, Benno C. Schmidt Jr. of Newman, who attended Yale School of Drama in 1951.

The actress Brigitte Nielsen suffered a miscarriage while filming a movie in Rome, according to a spokesman for her fiancé, New York Jets' defensive lineman Mark Gastineau. Nielsen, 25, is divorced from her second husband, Sylvester Stallone, who is hospitalized and Gastineau flew to Italy, the New York Daily News reported. The couple announced their engagement last February and said earlier this month they were expecting a baby in July. A divorce between Nielsen and her husband, Lars, is pending.

Simone Veil, former president of the European Parliament and former French health minister, Daniel J. Socolow, outgoing president of the American College of Paris, will receive honorary degrees in Humane Letters from the college at graduation ceremonies June 10.

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